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NEWS SUMMARY

GENERAL

Strike ban urged for defence workers

The Ministry of Defence wants civil servants working in defence to have a no-strike clause in their conditions of service.

It told the government inquiry into white-collar civil servants' pay that it would like key defence areas protected from industrial action.

The evidence of the ministry, which employs about one civil servant in three, is likely to be given considerable weight. It proposes that no-strike clauses apply to all staff, or to those in selected sensitive areas. Back Page

SDP recruit

Ednyfed Hudson Davies (Caerphilly) became the 25th Labour MP to defect to the Social Democrats. Page 6

Transport plan

London Transport head Sir Peter Masefield proposed a new organisation to run train, bus and tube services in the capital. Page 6

Blast survivor

Rescue teams found a man alive after being buried for a week in the rubble of the bombed Iraq embassy in Beirut.

Demos criticised

Recent anti-American peace demonstrations in west Europe were indirectly paid for by the Soviet Union, U.S. President Reagan said.

Oil output up

Oil production in the UK sector of the North Sea reached a record 1.9m barrels a day. Page 5

Award for Reds

New York Film Critics Circle named Warren Beatty's Reds; about radical journalist John Reed and the Soviet revolution, film of the year.

'Ban sponsors'

Doctors and medical researchers have urged the Government to stop the tobacco industry sponsoring sporting events. Page 5

Milk price rise

Milk will go up 1½p a pint on January 10 in England, Wales and Northern Ireland, adding 0.15 per cent to the Retail Prices Index. Page 19

Poor Christmas

Over 2½m children in Britain will spend Christmas living below the poverty line, the Child Poverty Action Group said. Page 5

Odds on snow

Odd are now 5-4 in favour of a white Christmas in London. Many roads throughout the country remained blocked by snow an dice. Weather, Back Page

Pandas revive

Chinese scientists have developed a new type of bamboo which giant pandas like. It has helped reverse a decline in the panda populations.

Nile life

Egyptians spend 44 per cent of their time sleeping, 36 per cent watching television, 16 per cent travelling and 4 per cent—an hour a day—working, a Cairo management seminar heard.

Cold war

Ice-cream van owner Eddie Blundell and two accomplices were fined and jailed for trying to intimidate Italian rivals to drive them from lucrative London sites.

Briefly . . .

Air France flight engineers began a two-day stoppage.

Sir Edward Youde, former ambassador to Peking, was named governor of Hong Kong. Page 3

Budget day will probably be Tuesday March 9. Back Page

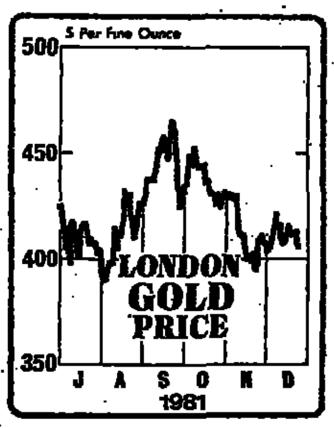
BUSINESS

Sterling up 1.4c; Gold off $3¼

● STERLING gained 1.4c to close at $1.886 in London where it also finished at DM 4.2825 (DM 4.27) and SwFr 3.415 (SwFr 3.405). Its trade weighted index rose to 90.2 (90). Page 15

● DOLLAR weakened, closing in London at DM 2.271 (DM 2.2815), SwFr 1.81 (SwFr 1.82) and Y219.25 (Y219.85). It trade weighted index fell to 107.4 (107.6). Page 15

● GOLD fell below $400 in London in quiet pre-Christmas trading but recovered to close $3¼ down at $404¼. Page 15



● GILTS improved slightly but concern over international interest rate trends again dominated the market. The Government Securities index closed 0.1 up at 61.99. Page 20

● EQUITIES softened against a background of threatened strikes and transport disruptions. The FT-30 share index finished 1.9 down at 518.8. Page 20

● WALL STREET was 0.95 down at 872.15 near the close. Page 18

● EUROPEAN nations warned that the extension to the Multi-Fibre Arrangement agreed in Geneva could lead to massive job losses. Back Page

● JAPAN'S draft budget for the next financial year envisages a 6.2 per cent increase in spending, the lowest rise for 26 years. Page 3

● GOVERNMENT started talks with the U.S. in an effort to curb U.S. attempts to exercise jurisdiction over companies outside its territorial limits. Page 6

● MALAYSIA signed a letter of intent for the purchase of British scorpion tanks worth £90m despite the trade crisis between the two countries. Page 4

● AMERSHAM International, a wholly-owned subsidiary of the UK Atomic Energy Authority, is to become an independent private company next year. Page 5

● THORN EMI of Britain, AEG of West Germany and Victor Company of Japan agreed to set up a joint video equipment manufacturing venture in Europe. Back Page

● CYCLES PEUGEOT of France signed an agreement with Honda of Japan to supply engines to Honda's moped assembly plant in Belgium.

● TRAFALGAR HOUSE gave details of its plans to hive off its publishing interests, including Express Newspapers, into a separate publicly-quoted company called Fleet Holdings. Back Page; Details, Page 14

● CRODA INTERNATIONAL, the chemicals group, rejected Burmah Oil's £77.8m takeover bid. Page 14

● SCOTTISH & NEWCASTLE Breweries reported pre-tax profits down from £19.3m to £19.1m for the six months to November 1. Page 12; Lex, Back Page

● GRAND METROPOLITAN, the brewing, retailing and hotels group, increased pre-tax profits from £152.1m to £186.6m for the year to end September. Page 12; Lex Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Rdmptn 3pc 86-96	£43¾	+ ¾	Black Edgington	52	− 6
Alliebone	31½	+ 3½	GKN	164	− 4
Bank of Scotland	525	+ 29	Intasun	94	− 4
Bass	214	+ 6	TMG	71	− 6
Cornite	23	+ 6	Candecca	212	− 8
Cullen's A	212	+ 12	Ashton Mining	77	− 5
Grand Met	188	+ 13	Cent Norseman Gld	405	− 20
Guinness Peat	88	+ 8	Gld Mns Kalgoorlie	360	− 15
Hoover A	82	+ 4	Northgate Explor	240	− 30
Plessey	355	+ 5	Western Deep	£17	− 1¼
Scottish Newcastle	51	+ 3½	Western Hldgs	£24¾	− 1¾
Trafalgar House	105	+ 3	Western Mining	241	− 8
Ward (T. W.)	206	+ 6			
Burmah Oil	126	+ 5			

Monetary policy will slow recovery in West, says OECD

BY DAVID HOUSEGO IN PARIS

THE PACE of economic recovery in the Western industrialised countries is likely to be slowed by restrictive monetary and fiscal policies over the next 18 months.

The 24-nation Organisation for Economic Co-operation and Development, reaches this conclusion in its half-yearly Economic Outlook published today. It forecasts a modest increase in economic activity in the next year, rising to an annual growth rate of about 3 per cent in the second half.

On the positive side, it forecasts a fall in average inflation from a current rate of 9½ per cent to 8 per cent by the first half of 1983. But it also takes a gloomier view of unemployment than it did six months ago, estimating that the number of jobless will climb to 28.5m in the second half of 1982. This is 2.5m more than in its last report.

As has been increasingly its practice in the recent past, the OECD secretariat has fought shy of making specific policy recommendations. The report blames tight monetary and fiscal policies for prolonging the slowdown in gross domestic product in Europe this year and for the U.S. economy's second dip into recession after a brief upturn in early 1981.

At a press conference in Paris yesterday, Mrs Sylvia Ostry, head of the economics and statistics department, denied that the secretariat believed there should be any relaxation. The policies were probably not "optimal," she said, but added "we do not think there is much room to manoeuvre on either side."

Details, Page 2
Editorial Comment, Page 10
Forecast for UK, Back Page

In analysing the impact of the restrictive policies with which most Western governments responded to the inflationary pressures of the oil price-rises of the late 1970s, the report is equally agnostic on their success to date. The furthest it goes is to rebut monetarist views by arguing that "so far, at least, the record lends little support to the notion that tight money can reduce inflation without a significant deflation of demand and output."

In the view of the secretariat, growth over the next 18 months will come from a combination of rising real incomes as inflation subsides, an end to destocking, and exports to non-OECD countries and particularly the oil exporting nations.

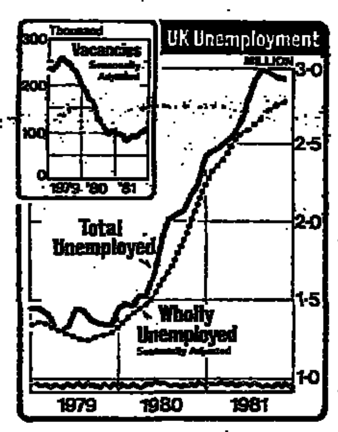
However it sees wide discrepancies in growth rates. The U.S. economy will decline and then recover more sharply than predicted earlier. The major European economies will achieve 2½ per cent annual growth by the second half of 1982 and Japan's growth will accelerate steadily to a rate of 4-5 per cent.

Reinforcing its gloomy predictions over unemployment, the report says that European GDP would need to grow by an average annual rate of 3 per cent over the next 18 months to stabilise unemployment at existing levels. This is on the basis of current labour growth projections and recent trends in productivity.

No sign of improvement as jobless just below 3m

BY ANATOLE KALETSKY

UNEMPLOYMENT in the UK is still hovering just below 3m. Despite a fall of 12,637 in the unadjusted "headline" total to 2,940,705, there is no sign of a decisive improvement in the underlying trends in the December unemployment figures published yesterday by the Department of Employment.



The seasonally adjusted unemployment total, excluding school leavers, rose by 17,300, to 2,781,600 in December. This is a much smaller increase than in recent months when the seasonally adjusted total has normally risen by between 30,000 and 60,000.

However, the December figure is distorted as a result of the introduction last month of a new social security scheme encouraging men over 60, who have been unemployed for more than a year, to remove their names from the jobless register.

This change is estimated to have led to a once and for all reduction of 21,000 in registered unemployment.

Whitehall statisticians do not see the relatively small increase in this month's registered unemployed as an indication of a new trend.

The true underlying increase in unemployment continues to be between 30,000 and 40,000 a month, as it has been since the summer.

The average monthly increase in seasonally adjusted unemployment over the past three months has been 36,300. The unemployment rate for the UK, seasonally adjusted and excluding school leavers, is 11.5 per cent.

The unadjusted unemployment total, including school leavers, looks set to breach the 3m figure next month as a result of adverse seasonal factors and the continuing rise in underlying unemployment.

The unemployment registers are normally swollen by between 70,000 and 80,000 people in January as Christmas consumer spending ends and cold weather affects the building trades. In addition, about 7,000 Scottish school leavers are expected to join the dole queues.

Coming on top of a trend increase of between 30,000 and 40,000 a month, these factors could raise the January unemployment figure by more than 100,000.

The only real source of comfort in yesterday's statistics comes from the slight increase in the number of unfilled vacancies. Although the increase of 3,700 is very small, the fact that vacancies have risen for five out of the past six months supports the Government's frequently repeated view that the worst of the recession is over.

Unemployment figures, Page 5

£370m cash injection for BL

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GOVERNMENT has approved BL's 1982 corporate plan, which will involve the injection of a further £370m in cash into the State-owned vehicles group during the 1982-83 financial year.

The plan, made available in abbreviated form to Parliament yesterday, reveals that this year's losses have been greater than forecast when the 1981 plan was drawn up.

However, the company indicated last night that the net loss was still expected to be about the same as last year's record £535.5m.

BL's cash flow has been contained within the expected levels, so the 1982 plan includes no provision for any increase in Government funding above that agreed at the beginning of this year. The group still expects to break even in 1983.

But the predicted profits for the 1982 to 1985 period are £300m lower than forecast in the 1981 plan.

WORLD SALES VOLUMES ('000)

	1979	1980	1981 (forecast)
BL Cars	583	471	430
Land Rover Group	57	86	67
Leyland Group	53	46	46
Consolidation*	0	(17)	(21)
Total	693	586	522

* Exported vehicle kits counted twice.

BL says its previous estimate has been adversely hit by about £1.1bn because exchange rates will be less favourable than expected; demand for vehicles, especially trucks, in the UK will be below the former forecast; prices will be lower than in the 1981 plan and will rise by less than the overall rate of UK inflation; and export demand will also be hit by the depressed level of economic activity.

Some of the impact of the adverse factors will be offset by much greater cost reductions than previously projected, plus some improvement in the predicted UK market share for cars, amounting to £800m in all.

Jobs in the UK have been cut from 118,000 at the end of last year to 96,000 at the beginning of November 1981.

A further "relatively modest" fall is forecast for 1982 "with the numbers staying reasonably stable after that."

Some £66m has been allocated for redundancy and plant

Continued on Back Page

CONTENTS

For latest Share Index phone 01-246 8026

Banks see little hope of aiding Poland on debts

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

WESTERN banks see little prospect of finding a way to help Poland to finance interest payments outstanding on its foreign debt. But they are proceeding with plans for a rescheduling agreement on the assumption that Poland can find the money from other sources.

This emerged yesterday as the principal conclusion from a meeting of eight international banks in Zurich to discuss developments in the Polish debt crisis.

Poland in crisis, Page 2
Owen urges sanctions, Page 6
Why banks are worried, Page 10

Unless Poland can bring overdue interest payments up to date, it will not be able to sign the rescheduling agreement allowing it to defer repayment to banks of about $2.4bn (£1.28bn) in debts falling due this year.

Bankers attending the meeting said that Poland's request for a $350m bridging loan to finance the interest payments is expected to be turned down. There is little appetite for other forms of aid with interest.

A possible solution whereby interest payments due this year could be deferred proved unpopular because it would hit hardest those banks with a large backlog of payments due.

Some banks have been kept more up to date with interest payments than others and these would be at an advantage with such an arrangement.

The bankers generally expressed the view that it would be wrong to be seen to be helping Poland while repression continued in the wake of the military takeover. Several argue that it is now more appropriate than ever that Poland should seek assistance from its Comecon allies.

But in a hitherto undisclosed action, Bank Handlowy, the Polish foreign trade bank, has sent a telex to the banks "in the past few days," asking them to proceed on the basis that it will be in a position to sign the rescheduling agreement, according to Western bankers.

This telex said Poland hoped for a favourable response to its $350m loan request but did not say that the money was essential to meet interest payments.

● Moscow Narodny Bank and the Soviet Bank for Foreign Trade have emerged as significant sellers of dollars on the foreign exchange markets in the past few days, foreign exchange dealers report.

Dealers were at a loss to understand the reasons for the Soviet dollar sales.

U.S. may suspend nuclear talks with Soviet Union

BY OUR FOREIGN STAFF

THE U.S. is considering suspending negotiations with the Soviet Union on reducing nuclear forces in Europe, Mr Eugene Rostow, head of the Arms Control Agency, said in Washington yesterday.

Mr Rostow's comments came as Mr Lawrence Eagleburger, U.S. Assistant Secretary of State for European Affairs, held talks with Mr Joseph Luns, secretary general of the North Atlantic Treaty Organisation and Belgian Government leaders, as part of an American attempt to forge a united Western response to the Polish crisis and the possibility of Soviet intervention there.

U.S. leaders are asking West European governments to think again about the projected gas pipeline from Siberia, to consider ways of imposing a trade embargo against Moscow and the possibility of freezing Soviet assets in the West.

It is stressed that these are part of contingency plans whose eventual application would depend on events in Poland.

The moves come as a member of the Polish Solidarity trade union claimed in Stockholm yesterday that support from Soviet and Czech troops to help Polish forces crush worker resistance would be launched on December 26. The union member Mr Jacob Swiecicke, claimed that this information originated from the Soviet embassy in Warsaw.

Mr Swiecicke added that Solidarity leaflets smuggled out of Poland suggested that the military authorities were sending some of those arrested during the military crackdown to imprisonment in Czechoslovakia.

Further reports of widespread opposition to martial law and of appalling conditions

Continued on Back Page

Christie's goes to war with Sotheby's

BY ANTONY THORNCROFT

OPEN WAR broke out yesterday between Sotheby's and Christie's, the world's leading auction houses, when Christie's announced it was reducing its premium charge to buyers by 2 percentage points to 8 per cent of the hammer price from January 1.

Last week Sotheby's, against the expectations of the antiques world, announced that it was keeping its premium at 10 per cent.

The conflict goes back to 1976 when both salerooms introduced a 10 per cent buyer's premium to raise extra revenue during a bad year. The antique trade claimed that there had been collusion between Sotheby's and Christie's, in defiance of the Restrictive Practices Act, and this year they started legal proceedings.

In September Sotheby's and Christie's decided to review the buyer's premium, with a view to "reducing the rate."

Sotheby's said its financial position justified keeping the 10 per cent surcharge. Profits on its British operations in the year ending in August slumped to £58,000 against £562,000 in the previous year.

Christie's, whose financial year ends on December 31, is apparently doing better, and has taken the initiative in charging buyers less. But it has increased its charge to vendors in its main King Street auction house in central London from 10 per cent to 12½ per cent on lots of £1,000 or less from January 1.

This does not apply to Christie's South Kensington saleroom where there is no buyer's premium and the vendor's commission remains at 15 per cent.

Mr John Floyd, chairman of Christie's, said yesterday that if the saleroom gained an extra 10 per cent of business by having a lower buyer's premium than Sotheby's, it would more than cover the cost of the reduction — estimated at about £1m a year.

Saleroom Page 5

£ in New York

—	Dec. 21	Previous
Spot	$1.8770-8800	$1.8825-8845
1 month	0.37-0.33 dis	0.35-0.31 dis
3 months	0.90-0.85 dis	0.90-0.85 dis
12 months	1.25-1.10 dis	1.25-1.10 dis

Exports boost for W. Germany

BY KEVIN DONE IN FRANKFURT

WEST GERMANY'S current account showed a substantial surplus in November, only the second monthly surplus this year—on the strength of its export performance.

The surplus of DM 1.2bn (£279m) compares with a deficit of DM 1.8bn in November last year and a surplus of DM 2.9bn this October, the first time the current account had shown a surplus since April 1979.

Rising exports and a fall in the volume of imports has helped to reduce the pressure on the current account of the balance of payments, and the deficit for the first 11 months of this year has been cut to DM 22.5bn compared with DM 29bn in the corresponding period of 1980.

Last year, West Germany had the biggest current account deficit of the leading industrialised countries and the foreign payments deficit has been a burden on the Federal Republic's economic policy-making for more than two years.

The stronger trading performance has been helped by a fall of 4 per cent in real terms in West German imports. The value of imports in the first 11 months rose by DM 26.2bn to DM 338.3bn, but this was fuelled by a 13 per cent rise in import prices.

Exports in the same period rose by DM 40.9bn to DM 361bn, an increase in real terms of 6 per cent. The trade surplus from January to November totalled DM 22.7bn compared with only DM 7.9bn in the corresponding period of 1980.

Current account deficit may disappear in 1982

BY JONATHAN CARR IN MUNICH

WEST GERMANY'S current account deficit should almost vanish next year thanks to a virtual doubling of the visible trade surplus to about DM 44bn (£10.3bn), according to the IFO economic research institute.

In a broadly confident survey of the outlook for 1982, the institute also says it expects economic growth in real terms of 1 per cent, after a decline of 0.5 per cent this year and an inflation rate of 5 per cent after 6 per cent this year. Unemployment, however, is likely to rise to an average 1.75m, or 7.5 per cent of the labour force, and will only begin to fall in 1983.

At a news conference in Munich yesterday, IFO expressed pride that it had been the first to forecast West Germany's drop into current account deficit in 1979, and that its forecasts on this point since that time had been similarly accurate.

The institute said it believed *that the trade surplus in 1982* would rise to DM 45bn from about DM 25bn this year thanks to three main factors. These were a gradual improvement of the economic situation in Europe, a further, albeit less pronounced, growth in demand from the Opec countries, and the continuing price competitiveness of West German goods despite the strengthening of the D-mark in recent months.

IFO also believes that West Germany's traditional deficit on services (such as expenditure on foreign holidays) will rise only slightly next year, from DM 19bn to DM 20bn. The deficit on transfers, such as payments home by foreign workers, should remain stable at DM 27bn.

These three elements together —visible trade, services and transfers — bring a current account deficit figure of DM 2bn for 1982 compared with one of around DM 23bn for 1981 and of DM 29.8bn for 1980. However, the institute says cautiously it expects a current accounts figure of somewhere between zero and DM 5bn.

The institute underlines that it bases its overall economic growth projection on four main assumptions. These are that the current account deficit will decline, that the level of interest rates will fall at least a little, that the public sector will continue to try to control its budget deficit, and that wage increases for 1982 will be lower than those for 1981.

IFO underlined that by far the best hope of returning to a high level of employment lies in doing all possible to ensure that these four elements are realised. It thinks nothing of big government expenditure programmes to try to boost the economy, saying that these would simply increase the *public deficit, push up interest* rates and thus actually endanger jobs in the longer-run.

The institute notes that the setback to economic growth this year — a cut in gross national product in real terms of about 0.5 per cent — is less than it forecast last December. It gives as the reason an export boom of quite unexpected proportions.

On the other hand, IFO (and most other economic forecasters) had hoped that by the second half of this year the economy would be starting to turn up again. In fact, it remains stagnant because of flagging domestic demand, and the upturn is not now expected until next summer.

French bank curbs to be eased

BY TERRY DODSWORTH IN PARIS

THE French Government is to modify and relax slightly its system of ceilings on bank lending during the next six months, in line with the new targets for monetary growth next year of between 12.5 and 13.5 per cent.

The measures have been generally greeted by the banks as neither too lax nor too rigorous, although some have argued for a higher level of monetary expansion to accommodate an inflation rate which may be around 12 per cent and an economic growth rate of 3 per cent.

But, by announcing the bank regulations for only the first six months of the year, the *Bank of France has clearly left* room for manoeuvre.

Under the present system of credit growth ceilings, banks are allowed only to increase lending within tightly subscribed limits over a wide area of their business.

Some positive discrimination was made by the last Government in favour of smaller banks, while sectors chosen for expansion, such as housing, exports and energy saving investment, were left free from the lending limits.

The new administration has taken over most of this system, although it is to plan steps to try to favour more dynamic banks.

It has already announced, for *example, that banks which have* not lent their full quota of funds, selling their rights instead to other banks, will have their ceiling limits reduced. Over the longer term, the Finance Ministry is also aiming to help the mutualist Credit Agricole and Credit Mutual banks because of their long waiting lists for loans.

The other major change is to bring all loans back into the system of credit controls, setting limits for the favoured sectors as well as all the others. Nevertheless, the Government has established a relatively high target of 7 per cent growth for these loans over the next six months, so that the industries concerned are unlikely to be starved.

Joergensen to form minority government

By Hilary Barnes in Copenhagen

QUEEN MARGRETHE of Denmark yesterday called on Mr Anker Joergensen, the Social Democrat Leader, to form a minority government following the general election of December 8. It will depend on the support of the left-wing *Socialist People's Party for its* survival.

Mr Joergensen, who has been Prime Minister continuously since 1975, is expected to present his new Government to the Queen on December 30. Even by Danish standards the new administration will face an uncertain future.

The parliamentary situation remains complex. Mr Joergensen does not have the backing of parties with an absolute majority in Parliament, and the Radicals, who hold the balance between Left and Right, have also withheld their support. However, the Radicals do not favour, either Mr Henning Christophersen, the Liberal Party leader and non-Socialist alternative to Mr Joergensen.

Unless Mr Joergensen can reach a firm agreement with the Radicals, his parliamentary position will be weak as the left-wing parties alone do not have a majority. Even with Radical support, the Government will be under constant conflicting pressures and many do not expect the Government to survive for more than a few months.

Mr Joergensen was reluctant to try to form a minority *government. After his earlier* failure to win the formal backing of the Radicals and the Socialist People's Party, he wished to go into opposition, the party's parliamentary group, however, overruled him at a lengthy meeting on Monday.

In 1966, when there were only five parties in Parliament (there are now nine), the Social Democrats formed a majority Government with the support of the Socialist People's Party. Since 1975, Mr Joergensen's administrations have all depended on support from various combinations of the right-centre parties.

Steel output still depressed

WORLD steel production in 1981 continued at depressed levels, reflecting the recession. Preliminary estimates by the International Iron and Steel Institute (IISI) put 1981 production at 713m tonnes, 0.6 per cent down on last year, and 5 per cent below 1979, writes **Hazel Duffy, Industrial Correspondent.**

The EEC countries were responsible for one of the biggest production falls, with output dropping by 2.2 per cent to 126.2m tonnes in 1981.

Output in developing countries changed little in 1981 over the previous year. In Brazil production was 14.3 per *cent below that of 1980.*

U.S. considers suspending arms talks

BY DAVID BUCHAN IN WASHINGTON

THE U.S. is weighing the *suspension of negotiations* with Moscow on medium-range nuclear missiles in Europe because of what Washington claims has been the Soviet Union's guiding role in the military crackdown in Poland.

Mr Eugene Rostow, head of the U.S. Arms Control Agency, yesterday confirmed that suspension of the nuclear control talks, due to resume in Geneva next month, was "under active consideration" along with other *possible U.S. and Western* retaliation.

This news came as President Leonid Brezhnev warned, in an interview with the NBC broadcasting network, that nuclear arms limitation must be approached in "a serious way." to prevent East and West sliding towards confrontation and possibly war.

The Soviet leader was replying to a series of questions submitted to him by the network on December 4, before the clampdown in Poland. But NBC was told by the Soviet embassy in Washington that Mr Brezhnev's answers "reflected the current *situation.*"

He said he shared "increasing concern that East and West are sliding towards a confrontation of immense danger, including even the possibility of war" mentioned by NBC in one of its questions. The key, he said, was for the preservation of peace to "be reflected in the practical policies of the U.S."

For his part, President Ronald Reagan yesterday met Mr Romuald Spasowski, the Polish ambassador to the U.S. who defected over the weekend and praised him as "a very courageous man" of whom "the people of Poland are probably very proud." Mr Spasowski, in fact, has since been accused by the Polish Government of crimes against the state.

Yesterday, the U.S. National Security Council, for the second time in two days, was convened by Mr Reagan to discuss the Polish crisis and ways in which the U.S. and its Nato allies might react.

A high-level U.S. team is now in Europe to consult allies about how to reach a common assessment of what is going on in Poland as much as on any specific U.S. blueprint for action, officials said. But the U.S. team, led by Mr Lawrence Eagleburger, the Assistant Secretary for European Affairs, is also known to be floating some ideas for retaliation against the Soviet Union and/or its allies in the Polish Government.

With any Western military action ruled out completely, economic sanctions are considered a prime option. On some of his stops, Mr Eagleburger has ben accompanied by a senior U.S. Treasury official, Mr Marc Leland, prompting some speculation that the U.S. might try to freeze any assets which the Soviet Union has in the U.S. banking system, along the lines of the U.S. freeze of Iranian assets in 1979.

Treasury officials, however, could not confirm that any such action to freeze Soviet financial assets, in U.S. or Europeans banks, was being contemplated.

In his answers to NBC, Mr Brezhnev said that if the Geneva negotiations were conducted in "a serious and businesslike way" they could result in an agreement during 1982. But he repeated the Soviet position that "both parts of the scale must be in genuine balance."

Vatican mediation key to peaceful solution

BY RUPERT CORNWELL IN ROME

MEDIATION BY the Vatican is emerging ever more clearly as a key to remaining hopes that a peaceful solution can be found *to the steadily deepening crisis* in Poland.

After celebrating a private mass with Pope John Paul II yesterday on behalf of Poland, Mgr Bronislaw Dabrovksi, secretary of the conference of Polish bishops, held further discussions with the Pontiff and other senior Vatican officials, including the Cardinal Secretary of State Agostino Casaroli.

Mgr Dabrovski has been involved in negotiations on ecclesiastical affairs with the Warsaw Government for 20 years, and is as close to Archbishop Glemp, the present Polish Primate, as he was to his predecessor, Cardinal Wyszynski. He is the first representative of the Polish Church to be allowed out of the country since martial law was imposed 10 days ago.

Vatican spokesmen yesterday declined to say whether his arrival in Rome via Frankfurt late on Monday evening coincided with a restoration of direct communications between the Holy See and the Church in Poland. But his presence in Rome, coupled with that in Warsaw of Archbishop Luigi Poggi, the Pope's personal envoy and expert on Eastern Europe, means that two high-level personal links have now been established.

The importance of the connection has grown alongside the *extension of resistance and re*pression in Poland itself and the reported weakening of the position of General Wojciech Jaruzelski, head of the military regime.

The signs are that the Pope is using all the influence he can command to secure the release of Mr Lech Walesa, leader of the independent Solidarity trade union, to take part in three-way negotiations with the Church and Gen. Jaruzelski.

The Vatican is maintaining the utmost secrecy about detail of its involvement, conscious that at stake in good measure is the authority of the Church in Poland and the personal prestige of the Pope himself. But in his traditional pre-Christmas address to Cardinals, officials of the Curia and Vatican workers, John Paul II declared yesterday that the Church was on the side of workers everywhere and spoke of the emotion with which he recalled the audience he gave to Mr Walesa last January 15.

On two occasions in an hour-long review of the Chruch's position in the world, the Pontiff returned to the Polish crisis, warning of its threat to peace and pleading that further sufferings be spared a people already so sorely tried by history.

The Polish crisis is also having increasing repercussions on the agitated domestic politics in Rome. Differences have emerged between the five coalition partners over the correct response by the Italian Government to the military clampdown.

The Socialists and Social Democrats, anxious to set as much ground as possible between themselves and the Communists, advocate a complete cessation of aid. The Christian Democrats have urged that food aid at least should proceed, although it should be channelled through the Polish Church rather than through the Warsaw Government.

Church stays hand in hope of concessions

BY ANTHONY ROBINSON

The following is based on a censored report from Christopher Bobinski in Warsaw.

POLAND'S MILITARY authorities continue to view the Roman Catholic Church as a vital element in any future political settlement. That is why the the authorities gave Bishop Bronislaw Dabrowski, secretary of the Conference of Polish Bishops, permissions to go to Rome and allowed Archbishop *Luigi Poggi, the Pope's special* envoy, into Warsaw.

Bishop Dabrowski was in close contact with the authorities all last week and is also the only non-régime person allowed to visit Mr Lech *Walesa, the Solidarity union* leader. The authorities are believed to have put Mr Walesa under intense psychological pressure with the aim of persuading him to broadcast an appeal for Solidarity members to accept the fait accompli. So far, however, Mr Walesa has rejected these demands, whil Archbishop Jozef Glemp, the Polish Primate, continues to press for Mr Walesa's release and has refused to meet Gen Jaruzelski until the union leader is also free to take part in negotiations.

Archbishop Poggi is expected to receive a full briefing on the situation from the Polish bishops' General Council, a small steering group of senior churchmen. The Church has been severely hampered by the limitations on movement and communications.

For the moment, its leaders have held up the reading in churches of the toughly worded communique agreed at their meeting on December 15. That spoke of "a nation terrorised by military force" and called for liberation of all internees and the restoration of legal activities to the unions, including unrestrained freedom of action for Mr Walesa and the entire Solidarit praesidium. It stated that "Solidarity, by defending the rights of workers, is indispensable to restore balance to *social life.*"

Instead of this, Archbishop Glemp issued a short statement warning Poles fo the dire consequences of not coming to terms with the present situation.

Should the General Council, after consultation with Archbishop Poggi, come to the conclusion that few concessions are to be gained by continuing with this conciliatory approach, and that the Church itself is not in danger, then the communique will be read in the churches. This could well stiffen resistance throughout the country. Church leaders clearly hope that by holding this weapon in reserve the authorities will be induced to give way to their demands.

OECD ECONOMIC OUTLOOK

Slow but steady recovery likely next year

BY ANATOLE KALETSKY

THE INDUSTRIALISED world can look forward to a slow but steady recovery from the current world recession in the new year, according to the economic outlook published this morning by the Organisation for Economic Co-operation and Development. But there is no relief for the worldwide unemployment problem in prospect and inflation will remain obstinately near its present level in most OECD countries.

The OECD's Economic Outlook, which provides a biannual report on the performance and prospects of the Organisation's 24-member nations, predicts a gradual acceleration in real GNP growth for the OECD area, from nothing at present to ¾ per cent at an annual rate in the first half of the new year and 3¼ per cent in the second half. In the first half of 1983, growth is expected to steady at 3 per cent.

The deterioration in the short-term growth outlook since last July, when the OECD predicted *growth of 1 per cent in the* second half of 1981 and 2 per cent in the first half of 1982, is due entirely to the steepness of the U.S. recession. The U.S. economy is now expected to contract by ½ per cent in 1982 as a whole.

Six months ago the OECD predicted 1 per cent growth in the U.S. during 1982. However, a sharp U.S. recovery is still expected in the second half of 1982.

The European countries and Japan should perform much as predicted in the OECD's last Outlook. Europe's growth rate is expected to rise from 1½ per cent in 1982 to 2½ per cent in the first half of 1983, after a contraction of ½ per cent in 1981. Japan will maintain its *3½ per cent growth rate in both* 1981 and 1982 and increase it to 4½ per cent in the first half of 1983.

The OECD says that the demand depressing effects of the 1979/80 oil price increase have now largely worked themselves through the world economy. The pace of recovery depends mainly on the balance between restrictive fiscal and monetary policies on the one hand and growth in real incomes and the continuing improvement in the OECD area's trade balance on the other.

Despite the existence of large budget deficits in many countries, the real stance of fiscal policy in most of the OECD area is restrictive, and becoming *increasingly so, according to* the Organisation's economists. Adjusting budget balances for the effects of the economic cycle on tax revenues and public expenditures, the report concludes that discretionary policy has become more restrictive by the equivalent of 1 per cent of GNP in 1981.

A further swing towards restrictiveness of similar magnitude is in prospect for 1982. This means that discretionary changes in taxes and public spending are almost exactly cancelling the stimulative effects of automatic "fiscal stabilisers," such as increases in unemployment benefit payments during recession.

Monetary policy has also been restrictive and has led to the "virtually unprecedented situation" that real interest rates are high in most countries despite the fact that the world economy is in recession. In many countries, monetary growth targets have been set below the expected *growth of* nominal GNP with the intention of combatting inflation and creating "a stable monetary environment in the medium-term."

While any general comment from the OECD economists on the appropriateness of present fiscal and monetary policies in various countries is conspicuously absent, the Outlook does forecast that U.S. interest rates will remain relatively high through 1982 as a result of "the conflict between tight monetary growth targets and a high government budget deficit."

This could continue to prevent authorities elsewhere from easing their monetary policies without risking pressure on their exchange rates and higher inflation. However, West Germany and Japan may find much more room to manoeuvre as 1982 progresses owing to major improvements in the current accounts relative to the U.S.

The U.S. economy is projected to swing into large current account deficit as its recovery from recession begins in mid-1982. But until then, the U.S. trade position should be rather better than predicted in the OECD's July Outlook, as a result of the deep recession which the U.S. is now experiencing.

Between July 1981 and June 1982 the U.S. is now expected to enjoy a current account surplus of $10bn. This will turn into a $10bn deficit in the following year. In the same periods, Japan will increase its current account surplus from $12½bn to $21½bn and West Germany will transform a deficit of $1bn into a surplus of $2½bn.

All these projections are based on the assumption of stable exchange and unchanged government policies rates throughout the forecasting period. Obviously, what happens to exchange rates in reality in response to movements in trade balances will depend in part on how governments respond to the relaxation in the economic constraints imposed on them in the past year by the strength of the dollar.

Other major OECD countries, with the exception of Britain are likely to remain in deficit throughout the forecasting period, with Canada showing a sharp deterioration from a $1.6bn current account deficit in 1980 to a deficit of $7½bn in 1981 and $10½bn in 1982. The French current account deficit should continue at around the present level of $7bn annually and Italy's deficit is expected to improve from $9½bn in 1981 to $5bn in 1982.

The UK which has experienced an "unprecedented loss of international competitiveness." amounting to "as much as 50 per cent when measured by relative unit labour *costs,*" is predicted to suffer a sharp deterioration in trading performance. A current account surplus estimated as $14½bn in 1981 will shrink to $2½bn in 1982. By 1983, Britain will be in current account deficit, despite the benefits of North Sea oil production.

The OECD area as a whole is gaining considerably from trade with the rest of the world. After the oil shock of 1979, the OECD's combined deficit soared to $72.7bn, but buoyant exports to Opec countries and, increasingly, to the developing countries will reduce this deficit to $35bn in 1981 and $26½bn in 1982.

Apart from Opec, the strongest markets for OECD products will be developing countries which are self-sufficient in energy. Trade with newly industrialising countries should also be strong, but trade with other developing countries will remain "virtually stagnant." By 1983, the OECD's aggregate deficit will again be increasing as domestic demand picks up. Trade within the OECD should be growing by 5-6 per cent by mid-1983.

As a result of these trade movements and a continuing decline in Opec's aggregate current account surplus, to $25bn at an annual rate in the first half of 1983, the total deficits borne by the non-oil developing countries should remain at around $70bn annually for the next 18 months.

SUMMARY OF THE PROJECTIONS*
Seasonally adjusted at annual rates

	1981	1982	1981 II	1982 I	1982 II	1983 I
	Percentage changes from previous period					
GROWTH OF REAL GNP						
United States	1½	−½	−1½	−2	4	3
Japan	3¾	3½	3½	3½	4½	4½
OECD Europe	−½	1½	0	1¾	2½	2½
Total OECD	1¼	1½	0	¾	3¼	3
INFLATION (private consumption deflator)						
United States	8½	7½	8	7½	7	7½
Japan	4½	4½	3½	5	4½	4½
Germany	5¾	4¾	6½	4	3	3
France, United Kingdom, Italy	14	13½	14½	13½	12½	11½
High inflation smaller countries†	15½	13¾	14½	14	13	13½
Lower inflation smaller countries‡	7	6	7	5¾	5½	5½
	$ billion					
CURRENT BALANCES						
United States	9	3	9	11	−5	−15
Japan	6	17	8	15	20	23
Germany	−9	2	−3	1	2	3
Smaller deficit countries§	−39	−38	−39	−38	−38	−36
Total OECD	−35	−27	−33	−21	−32	−34
	Per cent of labour force					
UNEMPLOYMENT						
United States	7½	9	7¾	9½	9	8½
OECD Europe	8½	9¾	9	9½	9¾	10
Total OECD	7¼	8	7½	8	8	8

* Assumptions underlying the projections include:
—no change in actual and announced policies;
—unchanged exchange rates from their average of the four weeks ended November 6 1981;
—unchanged dollar price for internationally traded oil to December 1982 and an unchanged real price thereafter.
† Australia, New Zealand, Denmark, Finland, Greece, Iceland, Ireland, Norway, Portugal, Spain, Sweden, Turkey.
‡ Austria, Belgium, Luxembourg, Netherlands, Switzerland.
§ Total OECD less major seven countries, Netherlands, Norway and Switzerland.
Cut-off date for information used was November 20 1981.

Unemployment expected to increase in U.S.

THE U.S. economy weakened faster than expected earlier this year largely as a result of very high interest rates, writes Anatole Kaletsky.

This has led to a sharp increase in unemployment, which is expected to continue into the new year. The unemployment rate will rise from 7½ per cent in the second half of 1981 to 9 per cent in 1982, but should then start falling as the U.S. economy picks up.

The OECD describes the prospects for the U.S. recession as a deep V-shape, with private consumption and fixed investment beginning to grow strongly in the second half of 1982, as interest rates moderate and the effects of tax changes work through the economy.

Inflation in the U.S. has moderated thanks mainly to energy food and import prices, which have benefited from the strong dollar. However, the underlying trend of unit labour costs is still growing at 8½-9 per cent, with little sign of deceleration. The OECD expects consumer price inflation in the U.S. to remain stable at between 7 *and 7½ per cent throughout the* next 18 months.

JAPAN

Rising public spending and very strong exports enabled the Japanese economy to pick up in 1981, but sluggish private consumption, stemming partly from the restrained response of pay bargainers to inflation and the acceptance of some cuts in living standards have moderated the *growth rate.*

The rapid abatement of inflation has enabled the Government to shift monetary and fiscal policies to a more expansionary stance, although the budget balance remains restrictive. The gradual strengthening of private demand should lead to an acceleration of growth to around 4¾ per cent by 1983 and the unemployment rate may decline somewhat.

The main worry for policy-makers may be the response of other major countries to the rapid growth of the Japanese current account surplus. But this should ensure that there is no further inflationary stimulus *from the weakening of the yen.* The results of yen depreciation in early 1981 have had only a small effect on inflation and the outlook expects inflation to remain below 5 per cent throughout the forecasting period.

WEST GERMANY

Weak domestic demand has been partially balanced by strong export growth in West *Germany, but output nevertheless* has fallen sharply this year. The OECD estimates that real GNP has declined by 3 per cent in 1981 and predicts a further ½ per cent decline in 1982. By the second half of next year *growth should have been* resumed, as real incomes start growing as a result of subsiding inflation.

In the first half of 1983 the economy should be growing at a 2½ per cent annual rate.

The main element limiting the decline in activity before the latter part of 1982 will be the steady improvement in trade. The turnaround in the balance of payments will be equivalent *to a stimulus of nearly 2 per* cent of GNP. Trade will be assisted by continuing productivity growth, but this could lead to unemployment rising above 6 per cent by mid-1983.

As wage increase and import price increases slow down there should be a further fall in inflation from the level of 5¾ per cent in 1981 to about 3 per cent in the second half of 1982.

FRANCE

The French economy started to recovery from a year-long recession about the middle of 1981. The main stimulus was private consumption, which has been growing at about 3 per cent at an *annual* rate. The growth of private consumption should continue to stimulate growth, along with some increase in public consumption and, by the end of 1982, private investment.

However, prospects depend in part of the response of the business community to the new Government's financial and fiscal support measures.

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Japanese propose austerity budget

TOKYO — The Japanese Finance Ministry yesterday submitted the draft national budget for fiscal 1982, beginning next April, to the Cabinet, which envisages total expenditure of Y49.68 trillion (million million) (£121bn).

The ministry said this represents a 6.2 per cent increase in spending over fiscal 1981, the lowest rise in 26 years, and is therefore an austerity budget aimed at curbing the Government fund-raising on the bond market to meet the budget deficit.

The budget is expected to be approved by the Cabinet on Monday and will be presented to the Diet (Parliament) later. The budget will reduce the need for national bond flotations in fiscal 1982 by Y1.83 trillion to Y10.44 trillion, compared with fiscal 1981, the Finance Ministry said. The budget's dependence on national bond issues to cover the tax revenue shortfall will fall by 5 per cent.

General administration expenditure in fiscal 1982, excluding tax allocations to local governments and national bond servicing, are projected to rise 1.8 per cent over fiscal 1981 in the budget, the Ministry said.

Defence expenditure will total Y2.56 trillion, a rise of 6.5 per cent while social security and education spending will rise 2 per cent and 1.2 per cent to Y9.01 trillion and Y4.79 trillion respectively.

The Finance Ministry said it expects to engage in further negotiations with other government agencies on minor changes in the draft, but the framework would be unchanged. Defence expenditure may be raised slightly.
Reuter

Charles Smith adds from Tokyo: Attainment of Japan's 5.2 per cent GNP growth target for fiscal 1982 depends on the success of a government plan to reverse a three-year decline in housing starts, according to a senior official of the Economic Planning Agency. During the past three years housing starts have declined from 1.5m units in 1979 to an estimated 1.1m houses in the current year.

Attainment of the housing target, coupled with a revival of private capital investment by small- and medium-sized companies would help Japan to attain a 4.1 per cent growth rate in its domestic economic sector next year, leaving only 1.1 per cent to come from the external sector.

A shift of emphasis from export-oriented to domestically-oriented growth is regarded as essential following two years in which the external sector has been the main source of Japan's growth.

The Government's plans to boost housing expenditure could include raising of the income ceiling applied to applicants for Government housing loans. A general lowering of interest rates following the 0.75 per cent cut in the Bank of Japan's discount rate early this month is also expected to help.

Kevin Rafferty profiles the new governor of Britain's important Far East outpost

Former Peking envoy chosen as Hong Kong governor

SIR EDWARD YOUDE, chief clerk at the Foreign and Commonwealth Office, was yesterday appointed the next governor of Hong Kong. The Foreign Office said that Sir Edward would take over shortly after Sir Murray MacLehose retires as governor next April.

The announcement ended months of speculation about who would succeed Sir Murray, who has held the post for more than 10 years and is generally reckoned to be one of the most successful Governors in Hong Kong's 140 years as a British colony.

Sir Edward, who has recently been pronounced fit after heart surgery, was undoubtedly the choice of the Foreign Office, and in Whitehall terms he is well qualified for the job. He is a top-ranking diplomat — the post of Chief Clerk is the number two job in the FCO, responsible for the administration of the department — and he also understands China and speaks Chinese.

The Hong Kong governor-designate spent 13 years in Peking, first as a third secretary in 1947, becoming British Ambassador between 1974 and 1978. This experience was no doubt considered crucial as negotiations are looming with China about the future of the colony.

But in Hong Kong, questions will continue to be asked whether Sir Edward is the right man for the job.

At a Press conference in London yesterday most questions concerned 1997 when the treaties leasing the greater part of Hong Kong territory to Britain expire.

A Hong Kong reporter fired off a salvo of direct and pertinent questions, however: What are you going to do about the Nationality Act, about education of Hong Kong students in Britain and about trade problems, she asked?

In each of these areas Hong Kong citizens believe that Britain, under Mrs Margaret Thatcher, has acted not as the caring Mother Country but as a rather harsh stepmother.

Sir Edward responded, with a diplomatic straight bat, that he did not regard the measures as directed against Hong Kong and that he saw no diminution of Hong Kong's importance to Britain.

In Hong Kong, however, diplomacy may not be enough. The city has grown up and become more complex and in many areas can stand on its own competent feet. In others, such as trade, it needs someone who will stand up for it against Britain and other developed countries.

The governor needs to be a mixture of diplomat, politician, economist, banker, sociologist, social worker, administrator and city manager.

Sir Edward Youde, the new Governor, and his predecessor, Sir Murray Maclehose.

Some 5.5m people live in Hong Kong. The colony is the back door to China and is one of the most important ports and trading centres in the world. It is the major financial centre in the Far East and boasts one of the world's fastest growing economies, with real growth of 10 per cent expected this year. It also has more than its share of big city problems, especially with the influx of refugees from China.

"Sir Murray has been a good Governor, but some of the problems of city management are getting out of land," commented one leading official privately recently. "We do not want someone who understands the Chinese in China," said a Hong Kong Chinese, "we want someone who understands us."

Hong Kong will hope Sir Edward grows into the job, and that away from Whitehall he will not have to defend the policies of Her Majesty's Government diplomatically, but will translate Hong Kong's ambitions into British Government policy.

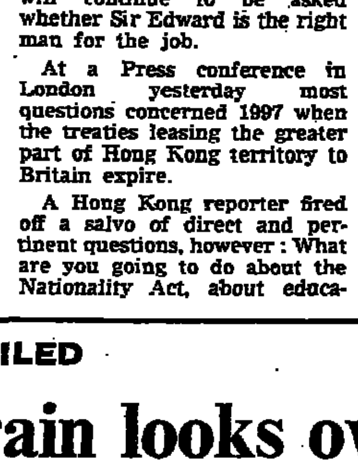
MOSLEM PLOT FOILED

Bahrain looks over its shoulder at the threat from Iran

BY MARY FRINGS IN BAHRAIN

CELEBRATIONS in Bahrain marking 10 years of independence and the 20th anniversary of the accession of the Emir, Sheikh Issa bin Sulman al Khalifa have been blighted by the public anouncement of a plot to overthrow the régime.

The arrest of a 60-strong hit squad of the "Islamic Front for the Liberation of Bahrain," said to have been trained in Iran, has been something of a departure from the detention of demonstrators at times of heightened religious fervour.



The Government—along with the Governments of other Gulf states, particularly Saudi Arabia—is treating the challenge represented by the group more seriously than the relaxed normality of life might suggest. Christmas shopping is in full swing here and the financial markets remain unruffled. Thousands of people gathered on the national day last week to watch a spectacular fireworks display.

But security is tight and searches for further arms caches continue. Police launches stop and search every fishing dhow entering or leaving the port, and at the airport stringent new precautions were introduced on Wednesday, requiring passengers on Gulf flights to identify their luggage on the tarmac.

The first hint of trouble came from Dubai, where immigration officials were alerted by false exit and entry stamps in the passports of half a dozen people travelling to Bahrain. Other members of the group were quickly picked up, but during the first week of December only radio communications equipment was found.

Under interrogation, the detainees insisted they had been told to await delivery of arms but later police discovered machine-guns, ammunition, grenades, and police uniforms in two houses in Rifaa, a mainly Sunni enclave close to the residential palaces, the oilfield and the refinery.

The master plan was apparently to create a disturbance on the national day and kill as many of the security forces as possible. On the following day, the group was to move on Government House, either kill or take hostage key members of the Government and gain control of the radio and television station. A broadcast from Tehran Radio would, meanwhile, call on the population to support the revolution.

After the first announcement in Bahrain on December 13 of an Iranian-backed plot, an official report was released on five armed men who forced their way into Bahrain's embassy in Tehran and claimed responsibility for the plot on behalf of the organisation of Islamic Action, a group expelled from Iraq at the outbreak of war with Iran. Since then Bahrain's diplomatic staff in Tehran has been recalled and the Iranian charge d'affaires in Bahrain is being replaced.

It was the Saudi Interior Minister, Prince Nayef Ibn Abdul Aziz, who revealed for the first time on Saturday, at a Press conference in Bahrain, that all the arrested activists were Shia Moslems. Nothing has officially been said about how many of the Bahrainis involved belonged to the sect.

He accused Iran of becoming "the terrorists of the Gulf" and said Iran had "sinister, aggressive intentions" against all its neighbours on the western side of the Gulf. The Prince signed a protocol of co-operation with Bahrain in matters of internal security.

To attempt a coup with a force of only 60 indicates that the plotters were relying heavily on local Shia support. At the same time, there are Sunnis who dispute the right of the Al Khalifas to rule, as well as patient political reformers working within the system. It is difficult to see any of them responding to a call from Tehran, however.

It has always been recognised that members of the Shia community, constituting more than half of the population, are more likely to be aroused by calls for revolution from their co-religionists in Iran.

There must be some sympathy with any movement associated with the sect, but only a small minority is likely to be in favour of overthrowing the system by force. In practice the majority is far more inclined to count their blessings in a relatively prosperous and stable state. Shias are well represented in Government, with five Ministers and many more top officials. The established order looks as secure against subversive threats as it ever has during its 10 years of independence from Britain.

The activist group itself is said to have been made up of a dozen Saudis, an Iranian and a Kuwaiti, as well as 45 Bahrainis. The Government is thought to be anxious to bring the men to trial as soon as possible, so that more can be revealed about their links with outside powers.

There is an uneasy feeling among educated Bahrainis that the movement amounts to a more sinister and potentially violent force than the Communist-inspired and Aden-backed Popular Front for the Liberation of the Occupied Arab Gulf has done in the past.

The most unfortunate consequence is likely to be that the Government in Bahrain will now be looking over its shoulder to see what new threat may be developing from Iran. Resources earmarked for power, water, education, housing, health and improving the quality of life may now have to be diverted to security and defence.

Assad visits Riyadh over Israeli annexation

By Ihsan Hijazi in Beirut

SYRIAN President Hafez al-Assad embarked on an Arab tour yesterday in the wake of Israel's virtual annexation of the occupied Syrian Golan Heights.

His first stop was Saudi Arabia, after which he will tour the Gulf states and the two Yemens, Damascus Radio said.

The announcement came 24 hours after Syria had asked for the postponement of an emergency meeting by Arab Foreign Ministers until next month. Damascus wants to wait for the next session of the United Nations Security Council and until a bigger measure of inter-Arab harmony has been realised.

The Security Council is due to convene on January 5 to consider Israel's response to its resolution last week calling for the rescinding of the annexation. The Syrian Government newspaper Tichrin said yesterday there was no chance that Israel would abide by the resolution.

Damascus Radio said the President's tour "is within the framework of ensuring inter-Arab solidarity." The choice of Saudi Arabia as President Assad's first stop underlines the oil-rich country's vital role inside the Arab world, particularly in view of its relations and influence with the U.S.

The move is also significant in the light of what happened at the abortive Arab Summit in Fez, Morocco, last month. Syria did not attend the conference, which broke up in disarray over the eight-point plan, put forward by Saudi Crown Prince Fahd for a Middle East settlement.

According to Riyadh radio, the Saudi Cabinet called on the U.S. on Monday to take a firm stand to deter "Israel's aggressiveness and violations against the Arab nation."

The crisis followed the suspension of the strategic pact between Israel and Washington, and the tirade against the U.S. by Israeli Prime Minister Menachem Begin.

Analysis pointed out that for any inter-Arab solidarity to be forged, the conflict between Syria and its two neighbours, Iraq and Jordan, must be sorted out.

Our Tel Aviv Correspondent adds: The Israeli Government yesterday looked set for a comfortable victory over Opposition attempts to overthrow it in Parliament following the row with the U.S. over the Golan Heights.

The main Opposition Labour Party threw its weight behind a no confidence motion put down by the anti-Government Shinui Group, which holds only two seats in the 120-member Knesset (Parliament). But even with the backing of the four-man Arab Communist Party, the Opposition motion stood no chance of succeeding.

● In the Golan Heights some 2,000 Syrians demonstrated near the border with Israel yesterday, hurling insults at Israeli soldiers 100 yards away.

Benazir Bhutto's detention extended

KARACHI — Pakistan's military authorities have extended for another three months the detention period of Miss Benazir Bhutto, the 27-year-old daughter of executed Prime Minister Zulfikar Ali Bhutto, officials said here yesterday.

Miss Bhutto was imprisoned in a roundup of political dissidents following the hijack of a Pakistan airliner to Kabul and Damascus last March. The authorities linked the hijack to a group of dissidents known as Al-Zulfikar which they said was led by Mr Bhutto's two sons.

She has been in jail ever since, apart from a three-day parole last September to attend her sister's wedding. Miss Bhutto and her mother, Mrs Nusrat Bhutto, have taken over leadership of Mr Bhutto's Pakistan People's Party.

President Mohammad Zia-ul-Haq toppled Mr Bhutto in a military coup in 1977. Since 1979 political activity has been banned and Miss Bhutto's continued detention is linked to her refusal to give assurances that she would not indulge in politics if she was released.
Reuter

Malaysia encouraged by talks in London

KUALA LUMPUR — A Malaysian Minister said on his return from a ten-day official visit to Britain that British firms are now more positive in their attitude towards Malaysia's economic policies.

Datuk Najib Tun Razak, the Deputy Finance Minister, was the first Minister to visit London since bilateral ties were strained by a new Malaysian policy against British goods and services.

He said in an interview with the English-language New Straits Times that British firms are more willing to ask whether they are complying with the country's new economic policy.

He added that he found himself "in the midst of new efforts to start dialogues" towards better bilateral relations.

Datuk Najib sai dhe discussed specifics of three main issues—the behaviour of British firms in Malaysia in the context of compliance with the new economic policy, which aims to give Malays a bigger slice of the country's wealth, the question of university fees for Malaysian students and changes in the stock exchange rules, following Malaysia's acquisition of the British based plantation group, Guthrie.
Reuter

Gulf bankers meet on investment policies

KUWAIT — Governors of central banks and monetary institutions in seven Gulf states opened a two-day conference here yesterday to discuss upgrading co-operation and co-ordination in monetary and financial fields.

They were to explore ways of broadening their role in the recycling of their countries' surplus petrodollars. The conference was attended by delegations from Saudi Arabia, Kuwait, Iraq, the United Arab Emirates, Qatar, Bahrain and Oman.

Addressing the opening session, the governor of Kuwait's central bank, Mr Hamzah Abbas, said the meeting was aimed at "promoting co-operation and exchanging expertise between the seven states in the field of banking and finance."

He underlined the "responsibility of Gulf central banks in guiding and directing the banking profession in the region, as well as assisting commercial banks in carrying out their role in serving the economic development process."

Mr Abbas was reacting to suggestions by Gulf officials and economists that Arab oil states are resorting to financial institutions in the West to invest their surplus petrodollars.
AP

Energy Review: China's energy resources

By Alain Cass, Asia Editor

European collaboration to develop uranium exports

CHINA'S decision to lift the veil of secrecy from its uranium sector and propose extensive collaboration with the West is of historic importance.

Extensive discussions have already been held with the EEC and, for the first time ever, European officials have been allowed to visit Chinese uranium mines and refining facilities.

Talks are now under way which may lead to an exchange of workers, European assistance to China in developing this strategic sector and the possible sale of Chinese uranium to the Community.

The decision by Peking to embark on such a programme must have been painfully difficult in more ways than one.

In the first place it drives a horse and cart through the cherished policy of self-reliance. A heady debate is currently under way in China about the extent to which the country's drive for modernisation should be fuelled by foreign help. The issue of whether China should develop its nuclear industry and, if so, whether it should rely on western expertise in doing so is at the heart of this debate.

The argument is not merely theoretical. China faces an energy crisis brought on by declining oil production, falling coal output and chronic inefficiency in the use of energy resources.

The World Bank estimates that oil output—around 106m tonnes this year—could fall to 100m in 1985 and 95m tonnes in 1990. The decision to allow foreign companies to prospect in the South China Sea means that the prospects for the 1990s look much brighter. But the immediate future is bleak and China could even become a net oil importer by 1990.

Another powerful argument against developing nuclear power in China is the need to boost coal output. Coal contributes about 70 per cent of total commercial energy. Output fell to 620m tonnes last year and, although some new investments are planned over the next five years, production is unlikely to exceed 730m tonnes by 1985 and 900m by 1990.

China has huge reserves of coal and a major spending programme will be needed to keep production at levels sufficient to fuel even a moderate rate of economic growth.

There are also those in China who argue that nuclear power is unsafe—or at least not safe enough—and that more research is needed. China has its anti-nuclear lobby.

Perhaps the most potent argument is that developing uranium for peaceful purposes and building nuclear power stations will inevitably hand over a strategic sector to foreigners at a time when China is desperately short of foreign exchange and should be aiming at a more modest rate of economic growth firmly rooted in its own resources.

The likelihood is that if China decides to push ahead with the development of its uranium sector it will do so largely for export and not for use in an expanded nuclear power programme of its own.

The plan to enlist the European Community's help in developing China's potentially huge uranium sector still has a number of hurdles to clear but all the signs are that both sides want it to work. A preliminary agreement may be reached when Viscount Etienne Davignon, the EEC's energy chief, visits Peking in the spring.

Despite the present glut on the world uranium market EEC officials handling the negotiations are arguing strongly that China could become a stable, long-term supplier of reasonably cheap uranium.

Reports that China recently embarked on the sale of "unsafeguarded uranium" to a number of countries is unlikely to prove an insurmountable stumbling-block. It now seems likely that China sold a quantity of nuclear fuel to Argentina earlier this year. Some western officials also persist in believing that a similar sale was recently made to South Africa.

Of greater concern is the possibility that China may eventually flood the tightly controlled uranium market with cheap exports.

Chinese uranium deposits were shrouded in secrecy until 1975, when a Russian geologist who had worked in China before the break with Moscow in 1960 defected to the West bringing with him a comprehensive account of the country's mineral deposits.

One reason why the Chinese are excessively sensitive to their uranium industry is that most deposits appear to lie along China's outer rim. As the map shows, this includes Xinjiang province which borders the Soviet Union in the north-West and Yunnan in the south which adjoins Vietnam.

The administration of China's uranium extraction, processing and refining comes under the quaintly named Second Machine Building Industry Ministry, which is in effect controlled by the People's Liberation Army. The ministry's Uranium Geology Bureau alone employs 50,000 people.

No figures for deposits or current stocks are available but Western geologists guess—and it is only a guess—China may have up to 800,000 tonnes in the ground—which puts it in the world's big league as a producer—and a substantial stockpile of enriched nuclear fuel. China's present needs for uranium are exclusively military.

Western geologists were taken, for the first time, last April to a plant in south-east China which processed 1,000 tonnes of uranium a year. The uranium was refined to what is known as nuclear purity uranium dioxide or UO2 and shipped out by rail to an enrichment plant.

One of the oddities of China's exclusively military-oriented uranium industry is that its plants bypass the production of so-called "yellow cake," the commercially accepted product on the world market. EEC help is being sought to convert China's existing facilities to produce yellow-cake.

The quality of most Chinese uranium is believed to be high and geologists believe that there are a number of commercially viable deposits bearing industrial grade ore.

The cost of extracting this uranium is unlikely to be a major deterrent to the Chinese. Peking's fundamental concern over the next few years is its ability to earn foreign exchange.

The only real question which might deter the Europeans, or indeed anybody else, asked to enter into long-term contracts for Chinese uranium, is whether such deals will come under the axe should a new leadership in Peking decide to change direction yet again and slam the door on the outside world.

Marion Sadger

Map by A. B. Ikonnikov, Soviet defector, published by the Department of Economies, Research School of Pacific Studies, Australian National University.

World stocks build up

THE URANIUM Institute, London-based think-tank of uranium producers and users, estimates world stocks at about 120,000 tonnes of uranium. For all practical purposes, its only use is as nuclear fuel. Although nuclear energy, as a proportion of electricity production, is expected to grow from 8 per cent to about 17 per cent by 1985—as reactors already being built enter service—world uranium stocks are likely to continue to grow.

The accompanying table summarises the story for the world, outside the centrally planned economies. Of the 41,000 tonnes required this year, only 28,000 tonnes are needed to keep the reactors running. The rest is required to fulfil contracts with the uranium enrichment factories, but is currently surplus to reactor requirements, because of the slowdown in reactor construction.

The estimated fall in production between 1990-1995 is due to depletion of mines. To maintain production potential at the 1990 level the industry must discover fresh deposits.

The best estimates suggest that about 2.6m tonnes of uranium are in the form of "reasonably assured resources," while a further 2.5m tonnes are considered more speculative: a total of about 5m tonnes. This is enough to fuel reactors of the type predominating today to a capacity of just over 1m megawatts over their lifetime. The world is not expected to have this much nuclear capacity before AD 2000.

URANIUM SUPPLY AND DEMAND

	ANNUAL DEMAND (including feed to enrichment plants) TONNES U	ESTIMATED SUPPLY—maximum potential production from existing mines and known deposits (including those under evaluation) TONNES U
1981	41,000	43,000
1990	64,000-81,000	96,000
1995	74,000-111,000	86,000

Source: Uranium Institute

Meanwhile, technological advances already in progress suggest that the fuel demands of present-day reactor types can be reduced, perhaps by as much as one-quarter.

Mr Terry Price, secretary-general of the Uranium Institute, examined the question of confidence in figures for uranium reserves, in a recent address to the nuclear industry. While some countries, such as Canada, were relatively well explored, and their figures validated by government, others "still have a long way to go." He noted three factors which militated against accurate estimates: commercial secrecy; the fact that a substantial part of the world had still be be explored; and the difficulty of detecting uranium when it lay more than a few tens of metres deep.

But there was also some anxiety in the uranium mining industry that the estimated reserves might be taken too literally, as though the ore was sitting there, waiting to be extracted. "An extensive programme of exploration will be needed to convert supposition into commercially useful knowledge," he cautioned.

As the Uranium Institute sees it, the industry is unlikely to over-exert itself in exploration while there is a world glut of nuclear fuel.

Looking further ahead, Mr Price saw three potential barriers to working increasingly lean deposits of uranium, if no new rich deposits were realised. One was the energy costs of extraction. One estimate suggested that the limit here could be as low as 50 parts per million—far below the levels being worked today, which are rarely less than 1,000 ppm.

Another limit could arise if the industry should turn to the processing of seawater to extract uranium, to avoid the cost of working very lean ores. So great are the volumes that would need to be pumped, there could be damage to marine life.

If, on the other hand, the industry continued to process increasingly lean ores, the limit could be environmental disturbance by "tailings." To extract 100,000 tonnes a year of uranium from ores of only 300 ppm would call for the disposal of 300m tonnes of tailings annually. "Environmental considerations would then certainly be important," Mr Price concludes.

David Fishlock

AMERICAN NEWS

Mexico doubles domestic petrol price

By William Chislett in Mexico City

MEXICO, the world's fourth largest oil producer, more than doubled the domestic prices of most of its petrol yesterday, paving the way for a boost to government revenues.

The increase, the first in five years, will give the Government greater scope to tackle the severe deterioration in the country's external financial position. It will also enable it to begin to rationalise energy sources.

Mexico's total foreign debt is $64bn (£34bn), and this year's current account deficit is a record $11bn.

The price of ordinary grade petrol has risen 155 per cent to almost $1 a gallon, the higher octane petrol 42.5 per cent to $1.60 a gallon and diesel 150 per cent to 40 cents a gallon.

Sr Jose Andres Oteyza, the Industry Minister, who announced the price increases, said the Government could gain as much as 100bn pesos (£2bn) extra revenue a year.

He said this would enable the Government to continue to stimulate food production and maintain food subsidies.

Mexico's petrol prices are still low by international standards, but the increases represent a victory for the Government of President Jose Lopez Portillo. It has been trying to raise the prices for two years, but has always retreated in the face of strong trade union opposition. The unions have argued that any increase would intensify inflationary pressures and possibly spark social unrest.

The minimum wage is likely to be raised by 35 per cent next year—about 7 per cent in real terms—to compensate workers for the petrol increase.

The country's low petrol prices have caused severe cash flow problems for Pemex, the state oil concern. It has become increasingly dependent on foreign financing in order to meet its expansion plans.

Recently there have been reports, unconfirmed by Pemex, that it has been delaying payment to its suppliers for up to three months.

Home demand for oil has been growing 1.7 times more quickly than the gross domestic product, which is a high ratio even by the standards of industrialised nations.

U.S. inflation rate steadies further

BY DAVID BUCHAN IN WASHINGTON

THE RATE of inflation in the U.S. steadied again last month, with only a 0.5 per cent rise in consumer prices. This was in line with October's 0.4 per cent increase and much better than the 1.2 per cent rise in September.

The retail inflation rate now seems virtually certain to slip into single figures for this year, the first time this has happened since 1978. Decelerating food and housing costs, plus the overall impact of recession, have pushed the compound annual inflation rate down to 8.4 per cent over the past three months.

The slackening of inflationary pressures will be welcomed by the Administration as laying the proper foundation for the economic recovery it has forecast to start in late spring or early summer 1982.

A fiscal stimulus to the economy is expected from certain business tax cuts enacted to take effect on January 1, 1982, and a further 10 per cent slice in basic income tax rates due on July 1 next year.

President Ronald Reagan is faced with the certainty of a big recession-swollen budget deficit in 1981-82, going far beyond his original target of $43bn (£23bn) and with the prospect of similarly large deficits in the two following years.

But he has ruled out any immediate increase in taxes as a means of closing this budgetary gap, preferring instead to make a fresh attack on public spending in the new budget, for 1982-83, which he will present to Congress early in the new year.

Mr Reagan held White House meetings yesterday to make further plans for the new budget, but his Press Secretary confirmed that the only tax measures being contemplated were the closing of some relatively minor tax loopholes for business.

The easing of inflation in recent months is the only silver lining in the current recession gloom. The latest forecast by the Administration is that the country's gross national product (GNP) will fall at an annual rate of 5.4 per cent in the final 1981 quarter (October-December). If confirmed, this drop in national output is likely to push unemployment, which was 8.4 per cent in November, higher still.

Brazil sticks to monetary policy

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL IS to maintain for a second year the broad lines of the rigorous monetary and fiscal policies successfully applied in 1981.

The aim of the country's 1982 budget will be to continue to reduce inflation and effect a turn around in the adverse foreign payments account through the stimulation of exports.

The Government is optimistic that both the current account deficit and the overall foreign borrowing requirement will register small improvements next year, in spite of Brazil's loan interest burden, thanks to a predicted $3bn (£1.6bn) surplus in the trade balance.

Inflation throughout 1982 is predicted at just over 70 per cent compared with the 95 per cent expected to be recorded for this year. Price rises in December will be only 4 per cent, the lowest for two years.

At its most important meeting of the year, the National Monetary Council in Brasilia agreed on Monday that exports, agriculture and the alcohol energy programme should continue to be the priorities for government spending.

Industry, which is still suffering from its worst recession in two decades, receives only limited help. Housing, on the other hand, should benefit from the 89 per cent jump in resources allocated to the giant state-owned housing bank.

The scale of the Brazilian economy and the enormous call upon government funds is underlined by the size of the agriculture budget. A gross figure of cruzeiros 2.5 trillion (million million) (£10.7bn)—a rise nearly matching that of anticipated inflation—is allocated to this sector.

Dr Ernane Galveas: Brazilian Foreign Minister

U.S. private savings battle looms

BY DAVID LASCELLES IN NEW YORK

THE INITIALS IRA have an extra meaning for Americans: Individual Retirement Account. As the New Year nears, financial institutions all over the U.S. are squaring up for what could be the biggest battle for the investor's dollar the U.S. has even seen, all thanks to a new tax break enacted by the Reagan Administration.

For many years, U.S. workers who are self-employed or whose employers offer no pension plan, have been allowed to deduct a lump sum from their annual taxable income and invest it in a special account, where it accumulates interest free of tax. When the worker retires, he can start drawing on that account. He pays income tax on his withdrawals, but as a retired person, he should be in a lower tax bracket, so the tax break can be substantial. In effect, IRA's are a way of deferring income until one's tax liability is lower.

A central feature of the Reagan Tax Act is to allow any worker, whatever his pension arrangements, to open an IRA account. The act also increases the maximum annual contribution from $1,500 (£801) to $2,000 (£1,068), with higher sums for working couples and heads of households.

There is a catch, of course. The money must stay in the account until the worker is 59½ years old. If he needs it before then, he can withdraw it by paying a penalty which wipes out most, though not all, of the tax gain.

IRAs come in many forms. They can be bank savings accounts, mutual fund accounts, annuities, and even straight stockbroking accounts which an investor can "play." Stockbroking accounts are also exempt from capital gains tax.

The purpose behind the Reagan plan is to stimulate savings, which IRAs seem certain to do. Financial experts expect an enormous response when they become available on January 2. Literally billions of dollars should be diverted into them. The media are already bulging with advertisements from banks, thrift institutions and stockbrokers trying to tempt the investor with their wares.

The hard sell has been both revealing and confusing. One of New York's largest banks published a table showing that a working couple taking maximum advantage of the scheme ($2,000 each a year) for 30 years could accumulate $1.3m, if interest rates stay at 12 per cent over that time, for an actual outlay of only $120,000.

Enticing though these figures sound, investors are also being urged not to be carried away by such projections. For one thing, interest rates are exceptionally high at the moment, and IRA accounts could yield a lot less if rates go down in the years ahead. For another, if interest rates do average 12 per cent over the next 30 years, the chances are that prices will increase by tenfold in that time.

For the deposit-taking institutions, like banks and savings institutions, which have been badly hit by competition from the money market mutual funds, the IRA's could become a useful weapon in the battle to attract more retail funds. The key question will be whether savers open IRA's with money they already keep in bank accounts, in which case the gain to the banks will be nil, or with funds withdrawn from mutual funds and stockbroking accounts.

Nicaragua warns of 'military emergency'

INCREASED guerrilla activity by opponents of the Sandinistas' revolutionary regime has increased tension in Nicaragua, according to Sr Tomas Borge, Interior Minister, AP reports from Managua.

Sr Borge said on Monday the armed forces were studying implementation measures that "could lead the country to a state of military emergency or a state of war."

The anti-Government guerrillas are fighting to topple the revolutionary regime with tactics much like the ones that brought the left-wing Sandinistas to power in July 1979.

Sr Borge said opponents of the Government were responsible for criminal acts and "the revolution has to confront them." He did not specify what countermeasures the Government was considering.

Salvador killings

At least 18 people were killed in the latest round of political violence in El Salvador, according to the country's judicial authorities, AP reports from San Salvador.

The bullet-riddled bodies of seven people, including four children, were found on Monday beside a road leading to San Salvador.

Offer to Cuba

The U.S. is willing to negotiate with Cuba to avert a radio war in south eastern States, even though Cuba has refused to sign an international agreement on broadcast frequencies, a U.S. official said, AP reports from Washington.

"The ball is in their court," said Mr Kalmann Schaefer, of the Federal Communications Commission. "We are certainly prefared to engage in bilateral discussions. Cuba will have to realise that mutual interference does not serve anyone's intetrests.

Mail charge rise

Canadian small business representatives have reacted angrily to the Government's announcement yesterday that, from January 1, the rate for mailing a first-class letter will rise from 17 cents to 30 cents Victor Mackie reports from Ottawa.

UK NEWS

P & O Ferries back in black with second half profit of £4m

BY ANDREW FISHER

P & O FERRIES moved sharply back into profit in the second half of this year, in common with other cross-Channel companies, and aims to remain in the black throughout 1982.

After a trading loss of £5.2m in the first half of 1981, P & O Ferries achieved a profit of about £4m in the second six months which includes the peak holiday season.

It announced average fare increases yesterday of about 15 per cent for next year, in line with the level which the industry has said is the minimum for ferry operations to end this year's initial heavy losses.

Mr Bill Laidlaw, marketing manager for P & O Ferries, said the company increased its cross-Channel passenger carryings this year from about 1.75m to 2m, with car traffic up from 65,000 to 100,000. It has 14 per cent of the car ferry market and 25 per cent of passengers.

Townsend Thoresen owned by European Ferries also made 1982 fare announcements yesterday. Earlier this month the Monopolies Mergers Commission prevented European Ferries making a bid for Sealink, the ferry arm of British Rail.

Like Sealink, which has already announced its 1982 fares, and P and O Ferries, Townsend - Thoresen's prices will rise by an average of about 15 per cent.

It lost more than £9m in the first half of this year, but expects final figures to show that the sharp increase in business in the summer has virtually wiped this out.

Townsend said that although fares had had to be increased to more realistic levels—the industry has been in a price battle for the past two years—there were still attractive bargains for holidaymakers.

The company has more than 40 per cent of the cross-Channel car market and warned earlier this year that fares were at dangerously low levels. It was prepared to pay up to £50m for Sealink.

Mr Laidlaw said that freight business, accounting for half of the company's total activities, had picked up recently. The closure of the Liverpool-Belfast route last month has eliminated losses of over £1m a year.

Overall, he reckoned the cross-Channel market would grow by about 5 per cent next year. P and O Ferries has the capacity to carry about 8m cross-Channel passengers a year, and latest figures still only represent a quarter of this, he said.

Satellite to become international

By Michael Donne, Aerospace Correspondent

SHIP-TO-SHORE telephone communications should become much simpler in the New Year, when Marecs-A, the European Space Agency's maritime communications satellite, is handed over to Inmarsat, the International Maritime Satellite Organisation.

The link will enable communications to be much more efficient because of the wider facilities of the international group.

Marecs-A, built by a consortium of European companies, was launched over the weekend by the agency's Ariane rocket launcher from Kourou, French Guiana. A second Marecs satellite is due to be launched in the near future.

The Ariane rocket production and marketing is supervised by Arianespace, which includes shareholders from industrial companies and other organisations in Germany (19.6 per cent), Belgium (4.4 per cent), Denmark (0.7 per cent), Spain (2.5 per cent), France (59.25 per cent), Britain (2.4 per cent), Ireland (0.25 per cent) Italy (3.6 per cent) Holland (2.2 per cent), Sweden (2.4 per cent) and Switzerland (21.7 per cent).

Arianespace has won orders for 19 rockets, including four which have already been launched.

Air travel continues to increase

By Michael Donne

AIR TRAVEL, one of the best barometers of economic conditions, is continuing to increase slightly in the UK.

Figures issued by the British Airports Authority show that during November, the number of passengers handled at its seven airports (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen), rose by 4.3 per cent compared with a year ago to reach 2.9m.

Each of three London and South East airports recorded their best monthly totals for over a year. Heathrow passenger traffic was up 1.8 per cent to more than 1.95m; Gatwick traffic was up 14.5 per cent to 585,000; Stansted traffic rose 35.3 per cent to 20,900.

Traffic at Glasgow, Prestwick and Edinburgh declined, but Aberdeen showed an increase of 9.5 per cent to 123,600 passengers.

● Iberia, Spain's international airline, is to start a direct scheduled service between Manchester and Madrid and Malaga on March 28. The service will link Manchester via Madrid with Iberia's extensive domestic route network as well as its long-haul routes to Latin America and Africa.

WORLD TRADE NEWS

New plans for 'Dina' project

By John Wicks in Zurich

A NEW construction schedule has been drawn up for the "Dina" petrochemical project on the island of Krk, a joint venture between Dow Chemical Europe and INA, the Yugoslav corporation.

A review of the timetable for realisation of the $1.2bn (£631m) plant is said to take into account "current difficulties and uncertainties," particularly those affecting the petrochemical industry.

It is intended to direct all available resources into completion of the project's first phase by the end of next year.

This includes capacities for 70,000 annual tonnes of low-density polyethylene and 200,000 tonnes of vinyl chloride monomer, as well as docks, roads and other ancillary installations.

Subsequent plans for the Krk complex, including an ethylene cracker and facilities for the production of aromatics and styrene, are to be held over.

This is a result of the large-scale international over-capacity in the olefines sector.

An integrated petrochemical plans remains the goal of the Dina project.

To accelerate Phase One, an important contribution towards import substitution within Yugoslavia, the Yugoslav authorities have taken seps to facilitate import of equipment.

Dina is owned 49 per cent by Dow Chemical Europe, which supplies technology for the Krk plant, and 51 per cent by INA. Management responsibilities are divided equally between the two.

Rapier sales top £600m in last 12 months

SALES of the British Aerospace Rapier low-level anti-aircraft guided missile have amounted to more than £600m over the past 12 months, and the outlook is said to be encouraging, writes Michael Donne, Aerospace Correspondent.

These deals, announced by British Aerospace's Dynamics Group, have included a £200m contract from Switzerland, £140m from the U.S. Air Force, £160m for the tracked version of Rapier from the British Army, and two further contracts from the Middle East and Asia.

HOPES FOR SCORPION DEAL DESPITE TRADE CRISIS

Malaysia set to buy UK tanks

BY ALAIN CASS, ASIA EDITOR

MALAYSIA has signed a letter of intent for the purchase of the British Scorpion tank in the first positive indication that the trade crisis between the two is not affecting some major deals.

The letter is said to have been signed last month, several weeks after Dr Mahathir Mohamed, the Malaysian Prime Minister, announced that all proposed sales by British companies would have to be referred to his office.

The Malaysian policy, which has badly affected relations between London and Kuala Lumpur, comes in response to what Dr Mahathir considers an unsympathetic attitude by the UK towards its former colony.

British officials are watching to see whether the final contract for the Scorpion deal, which involves about 90 tanks initially, is signed in the next few weeks.

A further 30 tanks could be purchased later under the agreement. The deal would be worth £90m for the tanks, spare parts and back-up services.

Alvis, the Coventry-based makers of the Scorpion, refused to comment. All arms deals between foreign manufacturers and Malaysia's Ministry of Defence are subject to a secrecy clause. The final contract may hinge on the success of talks next month between Lord Carrington, the British Foreign Secretary, and Dr Mahathir.

British businessmen yesterday warned against excessive optimism even if the Scorpion contract is signed.

They point out that Malaysia is committed to a doubling of its defence capability over the next five years and that much of its existing equipment is British. To change course now would be difficult for Malaysia despite the trade row with Britain.

Malaysia recently purchased £50m worth of heavy armoured vehicles from Belgium as part of its defence build up.

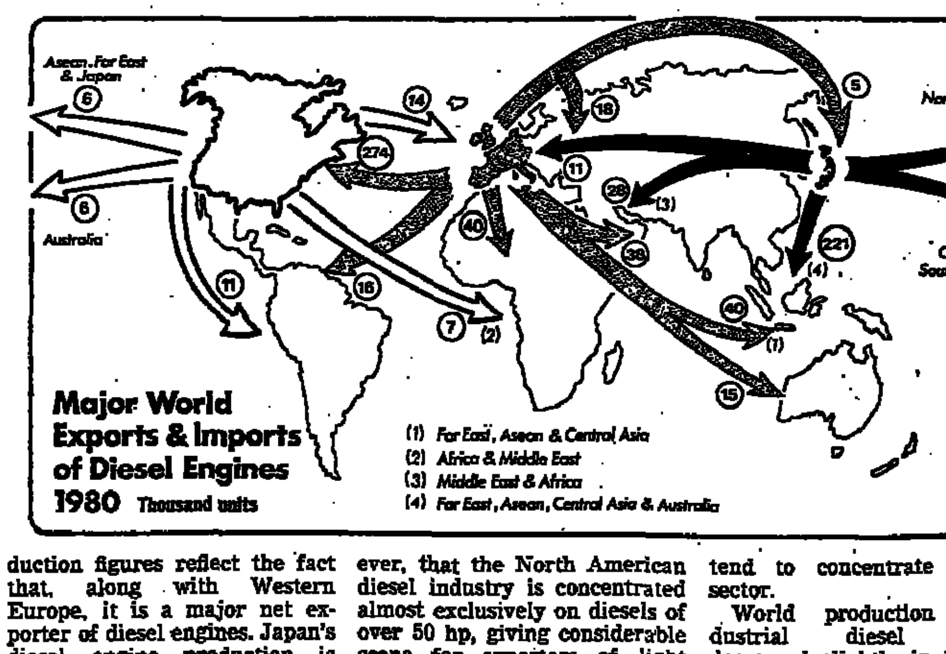
Diesel engine production 'will increase substantially over the next four years'

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

WORLD DIESEL engine production is forecast to increase substantially over the next four years as a result of the growing trend towards diesel-powered cars and continuing strong growth in truck diesel engine production.

The forecast* comes from Planning Research and Systems, the London-based specialist in engine market research. It shows that Japan, which last year became the world's largest producer of engines, will continue to expand significantly.

By 1985, PR and S puts Japan's total engine production (petrol and diesel) at 29.2m units out of total world production of 82.4m units. North American output is forecast at 30.1m units and Western European at 20.1m units.



World production of engines fell by 5.5 per cent in 1980 on 1979, but the decline was attributable solely to petrol engine production which fell by 7.3 per cent. Diesel engine production increased by 9.2 per cent over the same period.

The decline in petrol engine production was most marked in North America (−28.1 per cent), Western Europe (−6.1 per cent) and the Far East (−13.6 per cent), the latter largely as a result of a poor showing by the automotive industry in South Korea and the motorcycle industry in Taiwan.

Japan, however, increased production between 1979 and 1980 in both petrol (+20.7 per cent) and diesel (+20.5 per cent).

Although diesel penetration is quite low in Japan, its production figures reflect the fact that, along with Western Europe, it is a major net exporter of diesel engines. Japan's diesel engine production is expected to advance strongly until 1985.

World diesel engine production for cars grew by 33 per cent between 1979 and 1980, accounting for 6 per cent of total car engine production (in 1977 it was less than 1 per cent). The diesel penetration level is forecast to be 13 per cent of all car engines produced by 1985.

Western Europe is forecast to continue as the largest diesel engine producer by 1985 with an output of 4.4m units, followed by Japan (3.9m), Comecon countries (2.0m) and North America (1.9m).

It is important to note, however, that the North American diesel industry is concentrated almost exclusively on diesels of over 50 hp, giving considerable scope for exporters of light diesels in Japan and Western Europe.

Other points to emerge from the report include:

In Western Europe, a strong growth in diesel-powered cars was offset by declines in other sectors. The sector below 50 hp was least affected by these declines and exports improved. This position has remained substantially unchanged in 1981, and growth in all sectors is expected for 1982.

There was a marked increase in agricultural diesel production in 1980, which is expected to continue as new Third World diesel engine industries tend to concentrate on this sector.

World production of industrial diesel engines decreased slightly in 1980, the decrease being confined to Western Europe and North America. Generator set production in the Third World increased, and will continue to do so.

The construction sector, which declined slightly in 1980, is the most likely sector for further decline in 1981-82. Construction spending in Comecon and oil-producing countries, however, should continue to increase and the industry as a whole is likely to recover in 1983 with the end of the Western recession.

*World Engine Markets; Planning Research Systems; 15, King Street, London WC2.

NEI in line for £60m Indian deal

By Our Industrial Correspondent

NORTHERN ENGINEERING Industries, the British engineering group, has been awarded a letter of intent for a £60m coal-fired industrial power unit by Indian Metals and Ferro Alloys of Bhubaneswar, in the eastern state of Orissa.

The contract has been secured by NEI Projects, a subsidiary of NEI which was formed for the specific purpose of gaining turnkey project contracts.

The contract in India follows an order for a power station in Khartoum which was secured earlier this year and is being co-ordinated by NEI Projects.

Other contracts being handled by the subsidiary include an industrial power project for Boots in the UK, and a contract for instrumentation and control on the two Advanced Gas-Cooled Reactor nuclear power stations being built in the UK.

The 120 mw coal-fired power unit to be built for Indian Metals and Ferro Alloys has been specially designed to meet the high availability necessary for the supply of power to the electric furnaces which are used in the production of high quality alloys, where the Indian company is in the world market.

The major attraction of the contract as far as NEI is concerned is that most of the equipment will be supplied by NEI companies. They include Parsons, located on Tyneside in the north-east of England, Peebles in Birmingham, and International Combustion in Derby.

NEI companies have been involved in India before, notably in the supply of turbines to public utility power stations a few years ago.

The group is also in discussions with the Indian electricity authorities to supply equipment for the planned coal-fired power station programme under consideration by the Indian Government. If the UK is successful in its bid, it is expected that NEI and the General Electric Company (GEC) will share the work.

The financial details on the Indian Metals and Ferro Alloys contract have not been finalised, but it has been confirmed that it will involve the UK's Export Credits Guarantee Department.

BSC successful in claim against Cleveland Bridge

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A £229,832 claim by the British Steel Corporation against Cleveland Bridge and Engineering was successful in the High Court.

The claim was for the price of 137 cast steel nodes and related goods sold by BSC to Cleveland, a company in the Trafalgar House group.

CBE admitted owing £200,853, but counterclaimed £867,735 on the ground that BSC had, in breach of contract, delivered the goods late and out of sequence.

Mr Justice Robert Goff said in the Commercial Court that the goods were required in the construction of a bank in Saudi Arabia by a company associated with CBE.

Despite protracted negotiations no formal contract had been entered into between BSC and CBE.

There were two issues. First, was there a binding contract? CBE said a contract was to be found in the documents and in the fact that BSC did the work. BSC denied any contract. Secondly, if there was such a contract, was BSC in breach of it?

In a detailed analysis of the negotiations, of the production of the goods by BSC, and of the problems experienced in the production, the judge said that both parties had confidently expected there woud eventually be a formal contract.

He concluded, however, that none had ever, in fact, been entered into, and that BSC's claim must therefore succeed. BSC was entitled to be paid a reasonable sum for the goods it was agreed had been supplied. As there was no contract CBE's counterclaim must fail.

GKN board appointments complete restructuring

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

GKN has formalised its move towards separating the operational and strategic functions at Board level with the appointment of Mr Ian Donald and Mr Basil Woods as deputy managing directors on the main Board, and five new appointments to the management committee.

The new corporate management directors, and their responsibilities, are: Mr Trevor Bonner, 38—Universal Transmissions and Automotive Components Inc.; Mr Michael Borlenghi, 38—general engineering and contracting; Mr Jerry Clancy, 46—Auto Parts International; Mr Brian Insch, 39—special steels and steel stockholding; Mr John Jessop, 43—industrial services.

They join Mr Alec Daly, who is responsible for automotive manufacture (except transmissions).

The management committee, which consisted previously of the executive directors meeting under Mr Roy Roberts, the managing director, will now consist of the executive directors and the six corporate management directors.

The management committee will meet monthly prior to the meeting of the main Board, becoming, in effect, the operational board. The board changes reflect the growth of GKN's newer interests, which has accelerated as the recession diminished the group's more traditional activities.

State atomic company to become independent

By David Fishlock, Science Editor

AMERSHAM INTERNATIONAL, wholly-owned subsidiary of the UK Atomic Energy Authority, is to become an independent private-sector company next year, the Government said yesterday.

The Government plans to offer shares in Amersham International—formerly the Radiochemical Centre—to the general public through a flotation on the Stock Exchange, Mr John Moore, the Minister responsible for atomic energy, told Parliament.

This follows discussion with the company and with representatives of the trades unions and staff associations involved, he said.

The UK-based staff—about 1,400—are to receive preference in the allocation of shares for which they apply.

Amersham International is one of the strongest elements of the British nuclear industry. Its origins date back to 1940.

In the year ended last March its sales exceeded £48m and yielded a pre-tax profit of £4.1m.

Consolidated net tangible assets are put at £25m, in facilities for the packaging of radio-activity for medical, industrial and research purposes. Its main factories are at Amersham and Cardiff.

Dr Stuart Burgess, managing director, said last night that he was delighted with the Government's decision that the company would remain independent of, for example, large pharmaceutical groups which, if one gained control, would restrict the company's market.

At present, the company retains close links with most research-based drug companies for its speciality radio-active reagents.

Dr Burgess said the company had also urged that its employees should be given the chance to participate in the purchase of shares.

He believed the Government wished to complete the sale as early as possible next year, and to sell as many shares of the company as possible, consistent with its remaining independent.

N. M. Rothschild will probably handle the sale of shares.

BNOC oil price proposal meets little resistance

BY MARTIN DICKSON, ENERGY CORRESPONDENT

PLANS by the British National Oil Corporation for only minor adjustments in the price of North Sea oil from January 1 appeared to be meeting little resistance yesterday from other oil companies.

However, some companies made clear that they were still watching for price movements by Libya and Algeria—producers of rival crudes to those from the North Sea—and might take issue with BNOC if there were dramatic changes in the Africans' prices.

BNOC is understood to have dispatched telexes on Monday suggesting that the price of North Sea Forties marker crude remain unchanged in the first quarter of 1982 at $36.50 a barrel.

However, the differential between Forties crude and two other qualities of North Sea oil would change. Flotta Blend crude would fall by some 20-25 cents from $35.50 a barrel. Statfjord crude, from the field which straddles the Anglo-Norwegian median line, would drop by 10-15 cents a barrel from $37.35.

The adjustments follow the meeting of the Organisation of Petroleum Exporting Countries in Abu Dhabi earlier this month which agreed to reduce the price of some crudes by 20-70 cents a barrel, although Saudi light marker oil remained fixed at $34 a barrel.

The Forties price of $36.50 puts it on a par with rival Nigerian grades. Libya is believed to have lowered the price of its top selling crude from $37.50 a barrel to $37. There was no clear indication yesterday whether Algeria, which has also been charging a top price of $37.50, would follow suit.

Some large UK companies with major refining capacity have made repeated calls in recent months for drops in the price of North Sea crude on the grounds that they have been *losing money selling individual* oil products. However, favourable exchange rate movements have taken many companies back into profit—albeit small—during recent weeks.

Companies has been arguing also that price cutting by the African producers, anxious to rebuild sales which plummeted during the summer, could make North Sea oil uncompetitive.

Shell, which has been leading demands for North Sea cuts, has also sought changes in the differentials to make Flotta crude cheaper and trim at least 10 cents a barrel off the $36.60 set for its Brent crude. BNOC has apparently conceded on Flotta but not Brent. Shell said yesterday that it was still studying BNOC's proposals.

Meanwhile, stockbrokers Wood Mackenzie said in a report to be published today that they expected North Sea prices in 1982 to be about $37 a barrel.

They said a differential of about $3 compared to Saudi light was the premium indicated in the European market for light crudes such as those from the North Sea, a relatively high percentage of which can be turned into high value oil products, such as petrol.

"With a better supply/demand balance likely to emerge next year, there could be room for a small, upward price adjustment for the sweet crudes once the African countries have resumed normal export levels," the report said.

N. Sea production at record level

BY RAY DAFTER, ENERGY EDITOR

OIL PRODUCTION in the UK sector of the North Sea has reached a record 1.9m barrels a day, according to latest industry estimates.

This means that the UK is the world's seventh biggest oil producer, ahead of established oil nations like Indonesia, Kuwait and the United Arab Emirates.

Only Saudi Arabia, the Soviet Union, the U.S., Venezuela, Mexico and China produce greater amounts of oil. The UK has also emerged as the single largest supplier of light, premium quality crudes—ahead of the African producers, Nigeria, Libya and Algeria.

Stockbrokers Wood, Mackenzie say the 18 producing fields in the UK sector of the North Sea yielded 1,907,000 barrels a day in November, over 55,000 b/d more than the previous month.

In the 12-months, December to November, the average production was almost 1.8m b/d, a 12 per cent increase on the previous year. On the other hand UK consumption of oil products fell by 8 per cent during the period, averaging 1.56m b/d in the latest December-November 12-months.

● Hampshire Council has given permission to a drilling consortium, led by Carless Exploration, to sink three appraisal wells in the Humbly Grove Field.

Carless sought permission following a successful production test at the site, near Basingstoke. The consortium plans to delineate the extent of the promising oil discovery.

Drilling is expected to begin in January or February and last for about three months. Partners in the venture include Cambrian Exploration, Cadel Petroleum, Hadson Oil UK Onshore, Marinex Petroleum and St Joe Petroleum.

● A top oil field fire fighter, Mr "Boots" Hanson of Houston, Texas, has been called in by Taylor Woodrow Energy to tackle a "blow-out" blaze at an exploration well in Yorkshire.

The trouble-shooting specialist is due to arrive in the UK today. The well caught alight when drillers unexpectedly struck a shallow pocket of natural gas. Flames shot 100 ft into the air in an explosion which slightly injured a member of the drilling crew and wrecked a drilling rig.

Beatles star at Sotheby's auction

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S Belgravia had an extraordinary success with its first auction devoted to Rock 'n' Roll memorabilia. It totalled £97,660 with only 10 lots unsold and there are already plans for another auction next year.

The Beatles were the stars of the show accounting for 84 per cent of the turnover. Most lots far exceeded the rather speculative forecasts.

Paul McCartney's piano, a rather ordinary Chappell of 1902, made £9,000—four times the estimate — surprisingly overhauling the John Lennon Steinway of 1970 which fetched £7,500. The sensation of the sale was a tiny John Lennon pen and ink self-portrait which sold for £8,000. Sotheby's had forecast bids in the region of £100-£150.

A major buyer was Mr Terry Smith bidding on behalf of Radio City, the Liverpool commercial radio station. He spent £37,000 acquiring the Lennon piano, the Beatles' world premiere of the film "Help" programme, signed by the Beatles and others, for £4,600 (estimate £150 to £200): George Harrison's 12 string guitar for £3,000; and John Lennon's stage suit for £2,300. There are plans to open a Beatles museum in Liverpool.

An extraordinary price was the £4,200 paid by the singer Kate Bush for a perspex and plastic sculpture of John Lennon and Yoko Ono, entitled the Two Virgins. It was estimated at £1,000 to £1,500. Another active buyer was believed to be Paul McCartney, an avid collector of anything relating to the Beatles. The Mayor Gallery of London paid £1,900—well above forecast—for Elvis Presley's wrist watch and £1,300 for "Open and Shut," a sculpture created by John Lennon.

Monopolies report on bids for Royal Bank delivered

BY WILLIAM HALL, BANKING CORRESPONDENT

THE MONOPOLIES and Mergers Commission has given the Government its report on the rival £500m bids for the Royal Bank of Scotland Group.

The report on the proposed bids by Standard Chartered Bank and the Hongkong and Shanghai Banking Corporation was delivered to Mr John Biffen, Secretary of State for Trade, yesterday. The report still has to be printed and governmental departments consulted, so it is unlikely that the reports' conclusions will be published before the third week in January.

Given the importance of the issues raised by the bids and the recent leaks of other monopolies reports however, the Government is likely to process the report as soon as possible.

The Bank of England, the Foreign Office, the Scottish Office and the Treasury, as well as the Department of Trade, all have an interest in the findings. There is little the Government can do to alter the conclusions now that the report has been delivered and signed by the team of five men and one woman led by Jeremy Hardie.

If the commission recommends that both bids should be allowed to proceed, the Secretary of State for Trade has no independent statutory authority to prevent this. Only if the commission finds against a proposed merger by a two thirds majority does the Secretary of State have the power to stop it.

The findings could prove to be embarrassing for the Government since there have been widely differing views between government departments on whether the bids should be allowed. The Bank of England has always favoured the bid by Standard Chartered Bank for the Royal Bank and has not hidden its displeasure at the way the Hongkong Bank has pressed ahead.

There is a growing feeling in the City that both bids will be allowed to go ahead, although there are likely to be conditions attached. It has been suggested that both bids should be allowed to proceed provided that the Royal Bank board approves of them. This would save the Bank of England's face since it does not like contested bids in the financial sector, while transferring responsibility for the final decision to the Royal Bank's board.

Another rumoured condition is that the commission will require that a substantial minority stake should be left with Scottish shareholders.

Mr Ian McLean, Wood Mackenzie's banking analyst, said yesterday that there was a 30 per cent probability that both bids would be stopped, a 20 per cent chance that Standard Chartered would be allowed to proceed and a 50-50 chance that both bids would be allowed.

Royal Bank shares closed 1p higher at 184p yesterday, capitalising the group at £414m. However, the group's shareholder funds amount to £563m. Keith Brown of W. Greenwell, the sockbrokers, says that the final bid could be as high as 300p which would capitalise the group at £676m.

Eligible status granted to three Italian banks

BY WILLIAM HALL, BANKING CORRESPONDENT

THE Bank of England has decided to grant eligible status to three Italian banks. This means it is prepared to buy their bills during daily money market operations.

The Bank of England granted more than 40 foreign banks eligible status in August as part of its new system of monetary control. However, Italian banks were absent from the first list and it is thought this was because the Bank of England was still reviewing whether British banks enjoyed reciprocal opportunities in Italy.

The Bank of England has now decided that Italian banks meet its strict criteria for eligible status and has added, Banca Commerciale Italiana, Banca Nazionale del Lavoro and Credito Italiano to its list. It has also added Dresdner Bank and Leopold Joseph, the UK merchant bank to its list of eligible banks which now totals more than 100.

The extension of eligible status to foreign banks was intended to widen the eligible market—the main focus of the Bank's money market operations and it appears to have been successful.

Inner-city housing funds boost

By Michael Cassell

A SWING in favour of local authorities operating in inner city stress areas is to result from the housing capital expenditure allocations announced yesterday by the Government.

Since the summer riots, ministers have been anxious to demonstrate their determination to raise the level of investment in inner urban areas. The capital allocations for 1982-83 contain a widely forecast switch in emphasis away from authorities with relatively few housing problems.

The Department of the Environment announced on Monday the allocation of £1.87bn for the 1982-83 housing investment programme. It said yesterday that partnership and programme authorities in the inner city areas would receive 35 per cent of the total capital budget next year compared to 33 per cent in the current financial year.

If those housing authorities included under the Inner Urban Areas Act are also included, the proportion rises from 43 to 45 per cent.

The detailed allocations from the department, which contain assumptions about significant increases in the authorities' receipts arising from house sales, show that the Greater London Council's share of the total budget is to fall next year from £85.4m to just over £70m.

The cash figure represents 29.9 per cent of the total allocation against 31.5 per cent in the current financial year, although the reduction reflects the transfer from the GLC of the bulk of its housing to the London boroughs.

Of the inner London boroughs, Islington's allocation rises from £35.8m to £36.9m while Camden's increases from £26.9m to £34.9m. The largest allocation goes to Lambeth, which will receive £43.1m.

On a regional basis, the largest proportion of the national allocation outside London goes to the north-west (16.8 per cent). Six of the eight UK regions will get higher capital programmes.

2.5m children 'are poor'

MORE THAN 2.5m children in Britain will be living below the poverty line at Christmas according to the Child Poverty Action Group.

A study by Mr David Piachaud, a lecturer in social administration at the London School of Economics and a member of the action group's executive committee, has found that welfare benefits for children in families which depended on supplementary benefit were below the minimum needed.

At the end of last year about 400,000 people—more than half in single parent families—were dependent on supplementary benefit. The Chancellor of the Exchequer said in his recent financial statement that the shortfall in benefit caused by the Government's 2 per cent underestimate of inflation would not be restored.

The study by Mr Piachaud estimates that the minimum needed to keep a child in May this year was £8.32 a week for a two-year-old; £9.45 a week for a five-year-old; £11.42 a week for an eight-year-old and £12.10 a week for an 11-year-old.

Supplementary benefit was £7.30 per week for the two to eight-year-olds and £10.90 per week fot an 11-year-old.

Mr Piachaud's estimates include provisions for food, clothes and heating, a small amount of pocket money and two presents a year—each at £1.80 for a five-year-old

**Children and Poverty by David Piachaud, 90p, from CPAG.*

Docks backing confirmed

BY WILLIAM COCHRANE

SOUTHWARK Council's policy committee has reaffirmed its backing for the £200m Lysander Estates scheme for 120 acres of Surrey Docks in east London. The plan, which is one of Europe's private largest developments, is due to start next year.

There have been reports that the Greater London Council, joint owners of the site, has been having second thoughts about the scheme. A final contract with the development consortium is scheduled for signing in February.

Mr John O'Grady, leader of Southwark Council, said yesterday that the development would create up to 8,000 jobs and provide money for public housing in Surrey Docks.

"This is probably the only means by which this can be achieved in the present financial climate," he added.

Commitment to fuel efficiency campaign

THE GOVERNMENT has reaffirmed its commitment to the national fuel efficiency campaign by giving another two year lease of life to its advisory council on energy conservation (Acec). Its 15 members' appointments lapse on December 31.

This was confirmed by Mr David Mellor, parliamentary under secretary at the Energy Department, in a written answer to Mr John Hannam, Conservative MP for Exeter.

Unionist tour of U.S. to go ahead

A PLANNED tour of the U.S. by Ulster Unionists will go ahead next month, despite the State Department's ban on the Rev. Ian Paisley.

Mr David Burnside, one of the tour directors, said: "We are determined that the Americans will hear the Unionist view of what is happening in Ulster."

The Unionist group will include Mrs Norah Bradford, widow of murdered MP Mr Robert Bradford.

Mr Paisley blamed a "conspiracy" between Mrs Thatcher and the American Government for the decision to revoke his visa on the grounds that his actions and statements in recent weeks have been "divisive."

Smaller rise in jobless brings little relief

BY ANATOLE KALETSKY

ANY RELIEF for economic policymakers provided by yesterday's unemployment figures, which showed a seasonally adjusted increase of only 17,300 compared with 35,400 the previous month, is likely to be shortlived.

Transitory special factors account for this comparatively small increase in the seasonally adjusted figures, and for the fall of 22,000 in the unadjusted unemployment total, including school leavers.

The main distortion this month has been due to a social security scheme announced by the Government in July but implemented only from November. This allows men over 60 to opt for higher long-term social security benefits if they permanently cease to register for work and thus leave the unemployment register.

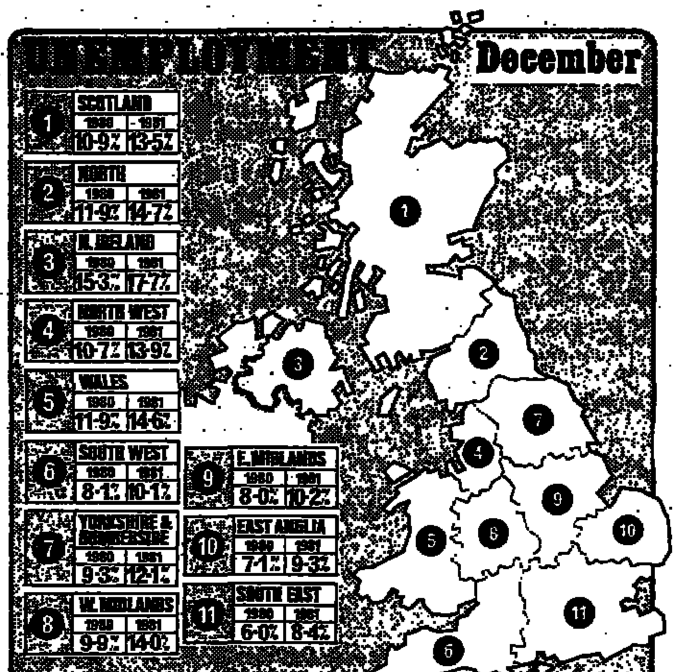
This month's unemployment figures are the first to reflect the effects of this new arrangement. The Department of Employment estimates that 21,000 men took advantage of the scheme between its inception and December 10 when the unemployment count was taken.

In order to compare the underlying increase in unemployment with the trend of previous months, about 21,000 should be added to this month's 17,300 seasonally adjusted increase, giving a total increase of about 38,000—very much in line with the monthly increases since the summer.

The Civil Service strike in the summer—which caused a lack of data—has further confused analysis of the unemployment trend in the past few months.

Between July and October the seasonally adjusted figures were reduced by 20,000 each month to allow for over-estimation as a result of emergency procedures for paying benefits and registering the unemployed.

This rough and ready adjustment may well have exaggerated the underlying increase in unemployment in October (recorded as 56,200) and understated the increases in November and December (recorded as 35,400 and 17,300 respectively).



Air crash blamed on lack of fuel

By Michael Donne, Aerospace Correspondent

A VISCOUNT crash at Ottery St Mary, Devon, in July last year, was caused by the aircraft running out of fuel just before landing at Exeter Airport after a flight from Santander, Spain.

None of the 62 occupants was injured. The aircraft was operated by Alidair, an independent airline. Several factors were to blame. The aircraft ran out of fuel "due to the crew's erroneous belief that there was on board sufficient fuel to complete the flight," said the report from the Department of Trade's Accident Investigation Branch.

"The aircraft's unreliable fuel gauges, the company pilots' method of establishing the total fuel quantity, and lack of precise company instructions regarding the use of dipsticks were major contributory factors," the report said.

"Meter indications on the refuelling vehicle at Santander which cannot have reflected the quantity of fuel delivered, are also considered to have been a probable contributory factor."

The report disclosed that "at a time when the conduct of the flight required the closest possible concentration from the crew, there were visitors on the flight deck, whose presence may have inhibited complete discussion between the two pilots as to possible courses of action."

* Report on accident to BAC (Vickers) Viscount 708 G-Arby on July 17, 1980. HMSO £4.20.

Cunningham tipped for GLC post

BY JAMES McDONALD

MR EDWARD CUNNINGHAM, a director of the Scottish Development Agency, may become the chairman and chief executive of the controversial Greater London Enterprise Board. This is the company which Labour leaders of the Greater London Council intend to set up early next year with £40m of ratepayers' money at its disposal.

Mr Cunningham, aged 49, has been recommended for the post, which would carry a salary of up to £35,000, by a special subcommittee of the GLC's industry and employment committee. The recommendation will be made today to the full committee.

The Conservative Opposition in the GLC has claimed that the council has no power to set up such a body, which would be in the form of a company limited by guarantee. Mr Michael Ward, chairman of the industry and employment committee, wants the board to be funded by a 2p rate, which would raise about £40m.

Mr Ward hopes to direct up to 10 per cent of the cash flow of the GLC's pension fund into industrial investments by the proposed company.

Various GLC committees have yet to approve its establishment and structure, but a council spokesman said last night that it was hoped to bring the company into being in January or February. Apart from Mr Cunningham, there would be up to three other full-time members and up to five part-time members.

Mr Ward said yesterday: "I feel we have selected a first-class chairman and chief executive, with exactly the blend of experience and enthusiasm we hoped to find."

A GLC statement yesterday said that Mr Cunningham's experience in the Scottish Development Agency in promoting small companies and in developing innovative approaches to investment would be directly relevant.

"His previous career in the overseas Civil Service, with private companies and in the World Bank, has given him extensive experience of the best approaches as well as the problems in economic regeneration," it added.

Ban sought on tobacco sponsors

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN'S LEADING doctors and medical researchers are urging the Government to ban the sponsorship of sporting events by the tobacco industry.

In a letter to Mr Neil Macfarlane, Minister for Sport, the heads of 10 top medical colleges express "deep concern that any new voluntary agreement you may reach on this subject with the tobacco companies may prove too permissive and too long-term."

Cigarette smoking was "the single most important preventable cause of death and disability in the United Kingdom," responsible for at least 50,000 premature deaths a year.

The doctors say they are particularly worried that sports sponsorship by the tobacco industry will be seen by the young to associate smoking with "enjoyable participation in healthy sports."

They see its as one way of circumventing the ban on the advertising of cigarettes on TV and radio, and as a way of avoiding the health warning about smoking required in other forms of advertising.

The doctors assert that the BBC provided 190 hours of advertising for the tobacco companies during one six-month period in 1980. A single event sponsored by a tobacco company earlier this year received 72 hours of TV coverage.

The doctors would like to see a complete ban on tobacco sponsorship of sport. But failing this, they asked the Sports Minister for:

● Specified progressive restriction of the funds the tobacco industry is permitted to spend on sponsorship.

● Limits to any agreement to not more than two years before it must be re-negotiated.

● Regular monitoring of the implementation of any agreement.

The doctors also urge that, if sponsorship continues, it should involve a Government health warning similar to that on cigarette advertisements.

Trading practices to be investigated

TRADING practices of the Sheffield Newspapers Group, which publishes the Sheffield Morning Telegraph, are to be investigated by the Monopolies and Mergers Commission.

The Office of Fair Trading has formally referred two particular trading practices to the Commission under the powers granted by the 1980 Competition Act. The Commission will, during a six-month investigation, have to determine the public interest.

GEC not to close S. Wales factory

GEC TELECOMMUNICATIONS has decided to reverse its decision to close the company's Treforest, South Wales, factory with the loss of 300 jobs.

In a Christmas announcement to the workforce, GEC said the factory would, instead, be switched from manufacturing telephone exchanges into transmission equipment production.

There had been an increase in demand for transmission equipment, enabling the company to transfer some production from its Coventry plant. GEC hoped most of the 300 jobs would be saved.

Monsanto licence

MONSANTO has asked us to point out that the basis of the Speywood Laboratories new blood process referred to in the Financial Times on December 15 and 22 is a polyelectrolyte separation method developed by Monsanto and provided under licence to Speywood.

Commons approves streamlined Welsh Water Authority Board

BY ROBIN REEVES, WELSH CORRESPONDENT

A MAJOR shake-up of the Welsh Water Authority (WWA), which could become a model for reorganisation of English water authorities, has been given the go-ahead by the Commons.

The WWA's management body of 35 members, the majority of them Welsh local authority councillors, is to be replaced by a streamlined, mainly government-nominated, board of 13 members, plus a series of local consumer committees.

The move is designed, in the words of Mr Nicholas Edwards, the Welsh Secretary of State, to secure quicker decision-making and improved management. It is also predicted to produce an immediate net saving of £100,000 a year in administrative costs. It will give the WWA a management structure more like that of other nationalised utilities, such as gas, electricity and coal.

A consultative paper on the future management structure of the English water authorities is due to be issued shortly. This follows sharp criticism of the Severn-Trent Water Authority by the Monopolies Commission. In a report published earlier this year, the Commission concluded that Severn-Trent suffered from weak central control and that its "course of conduct was against the public interest."

Mr Edwards had already decided, before the Monopolies Commission reported, that the WWA's structure was highly unsatisfactory and needed to be radically changed. The lines of accountability were blurred and decision-making was slow, he said.

Water has been a controversial subject in Wales at the best of times. There are long-standing Welsh Nationalist demands for a higher return for water exported to England. A £3m bill for Welsh water supplied to English authorities is the subject of government arbitration. But there have also been widespread allegations of WWA extravagance in spending and manpower, poor attendance by councillors at authority meetings and a lack of response to complaints from the public.

The Welsh Secretary has been able to push through the management structure changes rapidly because, under the 1973 Water Act, alterations to the Welsh Authority's management only require a Parliamentary Order, not new legislation, as will be the case for English authorities. This is a hangover from the devolution era. A Welsh Assembly committee was due to have taken over management of the Water Authority.

The new structure is not quite as originally proposed. Strong protests from the Welsh local authorities at their impending exclusion persuaded Mr Edwards to agree to increase the number of authority members from 10 to 13 and to accommodate four places for local authority nominees—two from the counties and two from the districts.

The interests of consumers will be mainly looked after in future by five local consumer committees, representing the different regions of Wales.

On the authority itself another two members will represent fisheries and land drainage interests. A further six will be nominated by the Welsh Secretary from business and industry, agriculture, industrial relations and amenities, and they will be presided over by a part-time chairman.

The new structure is to come into force on April 1 when the present chairman, Mr Haydn Rees, retires. His successor is being sought at a part-time annual salary of £20,000.

Mr Edwards has been accused of rushing through the changes and, in particular, of riding rough-shod over the Commons Select Committee on Welsh Affairs, which recently began an inquiry into the Welsh water industry.

The Select Committee has certainly been made to look foolish as the changes are being implemented without awaiting its report. But it has only itself to blame. Mr Edwards had already finished consulting interested parties in October, when the committee chose to investigate the subject.

Owen urges sanctions on Poland

BY IVOR OWEN

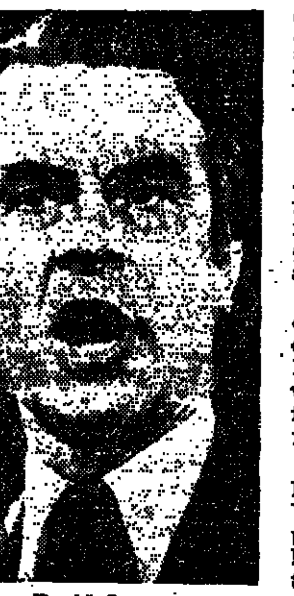
THE PRIME MINISTER made a cautious response in the Commons last night when she was urged by Dr David Owen, joint leader of the Social Democrats, to initiate concerted action by the West to impose economic sanctions against the new military regime in Poland.

She argued that the immediate priority must be easing the lot of the Polish people and called for urgent action to ensure that they receive food supplied by the West in time for Christmas.

Mrs Thatcher joined Mr Michael Foot, the Opposition leader, and MPs from all quarters of the House in strongly condemning the repressive measures taken by the government of General Jaruzelski since martial law was imposed 10 days ago.

She declared: "We all bitterly and deeply regret that action is being taken to extinguish the flame of freedom that had started in Poland.

"If the authorities think they can snuff it out they are making an error of historic proportions."



David Owen: "cross thet hreshold"

The Prime Minister told Mr Foot, who referred to the "black shadow" which the situation in Poland was casting across Christmas that she had no precise information about Mr Lech Walensa,the leader of the trade union Solidarity, other than that he was being detained.

Dr Owen maintained that denunciation was not enough, and claimed there was a growing feeling in the country that it was now time for the West to cross the threshold of economic sanctions.

He questioned whether it could really be the case, in view of what was happening to the Polish people, that the West would continue to provide finance for the military government in Warsaw.

Dr Owen contended that Britain along with other Western nations had to be prepared to pay the price of no longer having free and open trade with Poland.

Mrs Thatcher retorted that Dr Owen found it easier to make such a suggestion from his present position than would have been the case when he had the responsibility of office.

Britain was consulting her allies about what action should be taken on the rescheduling of Poland's debts.

Mrs Thatcher told Dr Owen the position was not nearly as simple as he had suggested.

Mr Alan Clark (Con, Plymouth Sutton) appealed to the Prime Minister to devote her personal prestige to bringing about a response from the free nations of Europe which was positive and resolute and, in contrast to what happened after the Russian invasion of Afghanistan, united.

Mrs Thatcher explained that Britain was in close consultation with her allies and pointed out that Nato Ministers would be meeting today.

She also stressed that one of the outstanding issues to be resolved concerned the £30m grant due to go next year for an extension of the Ursus tractor factory

When Mr Foot deplored the attacks made on Polish workers exercising their right to strike the Prime Minister commented that it seemed that almost every undertaking of the Helsinki Agreement was being flouted.

Howell 'ready to meet GLC on fares'

By John Hunt, Parliamentary Correspondent

MR DAVID HOWELL, the Transport Secretary, is prepared to have talks with the Greater London Council and London Transport Executive over any difficulty they may have as a result of the Law Lords decision on London fares.

This was made clear by Mr Howel yesterday when the Commons held an emergency debate on the Lord's judgement that the GLC acted unlawfully in levying a 6.1pence in the pound supplementary rate to pay for reduced bus and tube fares in London.

Mr Albert Booth, Labour's transort spokesman, who initiated the debate, warned there would be chaos unless the Government introduced legislation to clarify the position on subsidies.

Mr Howell said the Government had no intention of rushing into legislation, but he hinted that it could come later.

Mr Dale Campbell-Savours (Lab Workington) asked him if he would be prepared to discuss legislation if GLC representatives visited him.

Mr Howell said: "Until the GLC has formulated its views and made proposals I cannot answer that question."

He refuse dto say what level of GLC subsidy for London Transport would be lawful for the coming year.

He said LT should draw up its budget for next year over the next few weeks and get it approved by the GLC. The level of subsidy should then be decided according to the normal practice of Tory and Labour GLC administrations over the past decade.

There was nothing in the judgment which prevented this. If any difficulties arose his door was always open.

Mr Howell told the House on Friday that an average LT rise of 60 per cent would be necessary early next yea rto meet revenue needs. This compared with the 150 per cent increase which Sir Peter Masefield, London Transport chairman, had thought was necessary.

Yesterday, however, Mr Howell told MPs: "It is not for me to say what the increase in fares should be."

Mr Booth claimed that the Lord's ruling was contrary to the intentions of parliament contained in the Transport (London) Act of 1969 and thwarted the intentions of the Minister who introduced that legislation.

He recalled that in introducing the Bill, the Transport Minister of the time had said that a local council could keep down fares at a time of rising costs so long as it was prepared to bear that cost.

Sir Ian Percival, Solicitor-General, intervened to explain that the problem could best be approached by saying: "We know that the duty of the London Transport Executive is to balance the books so far as it is practicable."

Sir Ian said there was not an absolute duty to balance the books in any particular period or to make up a deficit by the next period. This important provision gave great flexibility.

Thatcher makes Commons plea to Ford workers not to strike

BY IVO DAWNAY, LABOUR STAFF

THE Prime Minister yesterday urged Ford's 54,000 manual workers not to go ahead with an all-out strike, planned for the New Year.

Replying to a Commons question, Mrs Thatcher agreed with Mr Archie Hamilton, the Conservative MP for Epsom and Ewell, that a strike would boost imports of foreign-made Ford cars, destroy jobs and in the long term could precipitate the rundown of Ford's UK operations.

"We very much hope that the strike at Ford's will not take place," she said.

There are mounting fears that little can be done to avert the strike, scheduled to begin on January 5, following the breakdown of 10 hours of talks at the Advisory, Conciliation and Arbitration Service's London offices on Monday.

Earlier yesterday Ford management abruptly dismissed an appeal by Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, for further attempts to avert the strike.

Speaking after a meeting of the AUEW's executive, Mr Duffy said: "We wish to avert a disaster and we hope that the company will, under the auspices of Acas, have further discussions with our negotiating body."

The company replied that its final offer would not be improved. It includes a 7.4 per cent rise on basic rates, a working party on pensions and the introduction of an efficiency programme.

"We are not going to another meeting to shell out more concessions, and that is clearly what the unions have in mind," Ford said. "We have nothing more to offer."

The company added that Mr Duffy would have been "more helpful" if he urged the union negotiating team to take back its improved offer to the workforce for a further vote.

But Mr Ron Todd, the chief negotiator for Ford's 13 unions, said yesterday that there was no question of any more mass ballots at the company's 24 plants until management was prepared to talk in a "reasonable and constructive manner" on the main points of the claim.

The unions insist that the concessions offered by Ford on Monday—which included the promise of a reform of pensions in time for the 1982-83 wage round and the bringing forward of the 39 hour working week from January 1983 to November 1982—were insufficient.

But he added that the union side were prepared to enter further talks at any time between now and January 5 provided the company could make a significantly improved offer.

Negotiations opened on extent of U.S. company jurisdiction claims

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

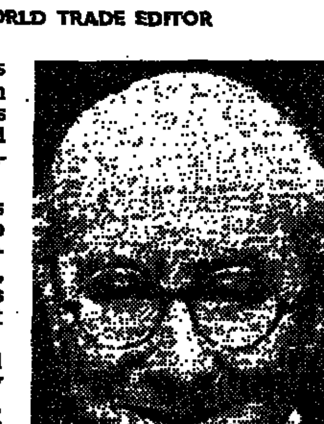
THE UK Government has started talks with the U.S. in an effort to curb the effects of American claims to extend jurisdiction over companies outside its territorial limits.

At the same time it has stressed its determination to safeguard, through the Protection of Trading Interests Act, any person involved in overseas court action because of conduct within the UK.

The two moves were outlined yesterday in parliamentary answers from Mr Peter Rees, the Minister for Trade, and Mr John Biffen, the Trade Secretary.

They reflect the Government's determination to maintain UK sovereignty in the face of U.S. attempts to exercise jurisdiction over companies incorporated in the UK but which may have a U.S. shareholding of as low as 25 per cent.

The U.S. claim is that its laws apply outside its borders to "U.S. persons." The British contention is that the definition of "U.S. persons" has been stretched too wide. All companies incorporated in the UK have British nationality, whatever the origin of their shareholding.



Peter Rees: More talks planned

The case argued by the Govment at a round of talks in October was that the U.S. claim has no basis in international law. Further, there are economic implications: the UK is not willing to see U.S. policy dictate what British companies should or should not do.

The practical concern relates to the impact of U.S. legislation which has placed embargoes on trade with countries like Cuba and North Vietnam

Further talks between the two sides will take place early next year, Mr Rees said, when it is hoped that the U.S. will respond to British suggestions for a softening of the nationality claims in its laws.

But Mr Rees implied that if the talks are not successful the Protection of Tradnig Interests Act might be invoked to counter the effects of U.S. trade embargo and boycott law.

So far this Act, which came into effect last year, has had only limited use. Mr Biffen yesterday gave the clearest Government statement so far on how it will be applied. He has wide discretionary powers to prevent UK citizens from appearing in foreign courts or providing documents for them.

He would use this power, he said, "in any case coming to my attention" involving foreign proceedings "against a person in the UK, on account of his conduct within the UK and outside the proper jurisdiction of that overseas body."

Inquiry on 'scurrilous' remarks

A LETTER written by solicitors to Mr Robert Parry (Lab, Liverpool Scotland Exchange) accusing him of making "scurrilous and defamatory" remarks in the Commons, is to be investigated by MPs.

Mr Parry claimed the letter was in contempt of parliament and the privilege of MPs to free speech in the Commons.

The letter followed a claim by Mr Parry during the debate on the Scarman report that Sir Trevor Jones, Liberal leader of Liverpool City Council, had failed to declare an interest in a matter affecting his company.

Mr Parry said in the Commons yesterday that fellow MPs had advised him that "the writer of the letter was trying to provoke me to reply outside privilege so I could be done for libel."

Although the solicitors yesterday sent a telegram to Mr George Thomas, the Speaker, apologising for the letter, and Mr Mark Carlisle (Con, Runcorn), who is a barrister, said the matter was no more than a row between the Liberal and Labour parties in Liverpool, MPs voted by 95 votes votes to 58, majority 37, to refer it for inquiry by the Commons committee of privileges.

The committee investigates allegations that MPs' rights have been interfered with and into alleged wrong-doings by MPs themselves.

In exchanges on the complaint, Mr Parry said: "Legal briefs against members of Liverpool council are floating around like confetti.

"If we cannot have freedom of speech in local government in Liverpool, then I hope we can continue to enjoy it here."

NUM calls for worldwide miners' action on Poland

BY CHRISTIAN TYLER, LABOUR EDITOR

THE National Union of Mineworkers has urged mining union leaders worldwide to ask their governments to exert "the maximum political pressure upon the Polish military authorities to release trade unionists."

Mr Joe Gormley, president of the NUM, said yesterday he would be writing to miners' representatives who attended the recent conference on peace and detente organised by his union in Newcastle upon Tyne.

The conference brought together trade unionists from east and west despite a boycott by the West Germans and Americans. It included delegates from Solidarity as well as the official Polish miners' union, and from Bulgaria, Czechoslovakia, East Germany, Hungary, Romania and the Soviet Union.

In a separate letter to Mr Len Murray, TUC general secretary, Mr Gormley said the west European union movement should condemn the military takeover in Poland.

"Many of us, as leaders of free trade unions in Britain, have a great feeling of revulsion about what is happening in Poland, where workers who are only fighting for things we take for granted in Britain — that is, freedom and true democracy — have been imprisoned and even killed by the authorities."

The Miners International Federation, which is based in London, said it was perturbed about the situation in Poland, not least because so many miners were involved. Mr Peter Tait, general secretary, said the federation was committed to upholding human rights, whether in the east or west.

Leaders of the Amalgamated Union of Engineering Workers called for the immediate release of "political prisoners" in Poland

A report of the TUC's meeting with Lord Carrington, Foreign Secretary, will be made to the TUC general council today, when Poland is likely to dominate the agenda.

The TUC is demanding that East European unions declare their position. If their reply is negative, the TUC will consider breaking off relationships with those official union bodies.

Among other unions which have declared their support for Solidarity are the Electrical, Electronic, Telecommunications and Plumbing Union and the National Graphical Association.

The Polish crisis could have wide repercussions on the international trade union movement. The British TUC has shown signs of wanting to restore relationships between the Brussels-based International Confederation of Free Trade Unions and the World Federation of Trade Unions in Prague. This move could be reversed if East European unions do not condemn the Polish clampdown.

Managers accept local steel deals

By Brian Groom, Labour Staff

BRITISH STEEL Corporation's plan for local pay deals linked to a new round of 15,000 job cuts has been accepted by the Steel Industry Management Association, representing about 8,000 departmental and middle managers.

Sima's acceptance means that unions representing nearly half the corporation's workforce of 107,000 are going along with the plan. They have agreed there will be no national pay award next month and that any increases in earnings will be on a "something-for-something" basis on locally negotiated lump sum bonus schemes.

The corporation's largest union, the Iron and Steel Trades Confederation, has put up strong resistance to the corporation's proposals and is calling an overtime ban. It is likely to begin in the New Year.

The principle of local negotiations has already been accepted by the craft and general unions and the National Union of Blastfurnacemen.

Sima said BSC had agreed to a joint examination of "the injustices of middle managers receiving inferior overtime premium rates when compared with the staff they manage," with the aim of making improvements at the start of 1983.

The steel managers, in agreeing to local deals, emphasised their support for BSC's survival plan.

MPs reject Howden move on Lloyd's Bill

By John Moore

THE COMMONS committee chaired by Mr Michael Meacher, Labour MP for Oldham West, has insisted that Lloyd's of London, Insurance brokers, should divest themselves of their shareholders links with companies which run underwriting syndicates at Lloyd's.

The committee rejected a petition lodged by the Alexander Howden group, a financial holding company with extensive Lloyd's insurance broking and underwriting interests, which attempted to remove the diversement clause from the Lloyd's Bill.

Mr Meacher said at the conclusion of hearings: "It is in the public interest" that the clause should form part of the Bill.

The committee rejected an initiative by counsel for Alexander Howden, who argued that separation of broking and underwriting interests short of complete divestment could be completed within a stated period.

If that did not prove effective then parliament would be able to intervene at some future date.

Although Howden failed in its attempt to remove the clause from the Bill it is expected that the group will now lodge a fresh parliamentary petition with the House of Lords.

Vaughan says handicapped babies law must be obeyed

FINANCIAL TIMES REPORTER

HEALTH MINISTER Dr Gerard Vaughan said in the Commons yesterday that the Government would be willing to act if necessary on the question of whether handicapped babies should be allowed to die.

But he emphasised strongly that he believed this was a question for parents, doctors and the courts. He doubted if it was the Government's responsibility; meanwhile doctors must obey the law.

Dr Vaughan was replying to a short debate at the end of an all-night sitting of the House, when a Tory MP demanded that the law be enforced to prevent such deaths.

Mr Keith Wickenden (Con, Dorking) said that if a child was allowed to die — handicapped or not — and it need not have died, then it had been killed.

"The law should recognise it as such and the law should be enforced," said Mr Wickenden, who has a nine-year-old mentally handicapped child of his own.

"I want the medical profession to be reminded of their duties — to know that if they take upon themselves life and death decisions of this type without anything more than a slightly arrogant assumption that they know best they stand in danger of the law being applied.

"If we believe that the law is wrong we should change it."

Fewer people waiting for treatment in hospital

THE NUMBER of people waiting for hospital treatment has fallen by more than 122,000 in the past two years, Mr Norman Fowler, Social Services Secretary, told the Commons yesterday.

The health service deserved full credit for reducing waiting lists Mr Fowler said at Question Time.

The Government had increased spending on the service as well as raising the numbers of doctors and nurses. "That is an achievement we have every right to be proud of," he said.

Government set to take Bank's stake in BP

THE BANK of England's shareholding in British Petroleum is to be transferred early in the new year to the Government.

Mr Nicholas Ridley, Financial Secretary to the Treasury, confirmed this last night in a parliamentary written answer. This is in line with a preliminary announcement made on October 21.

Mr Ridley added that under a gentleman's agreement with the Distillers Company made on January 3, 1967, the Treasury had the right of first refusal on any of the BP shares which Distillers might wish to sell.

Treasury ministers had decided, after reviewing this arrangement, that "it should be regarded as having formally lapsed."

LT chairman calls for new policy body

A NEW organisation to run train, bus and Underground services in London was proposed yesterday by Sir Peter Masefield, chairman and chief executive of London Transport.

Sir Peter suggests creating a policy body representing the Transport Department, the Greater London Council, London boroughs, county councils, British Rail, London Transport, the National Bus Company, and any private enterprises which might be able to contribute transport in London.

The suggestion is aimed at solving the difficulty of financing a system widely used by people from outside London.

Sir Peter's plan is also intended to solve the financial difficulties highlighted by the Law Lords' ruling against the GLC's cheap fares policy.

The new controlling board would determine the level of service for the capital.

The transport suppliers—LT, British Rail, the National Bus Company and possibly private enterprise—would "contract to provide an agreed number of train-miles and bus-miles on specific routes, at acceptable frequencies and at contract prices for a specific period, all subject to efficiency audits."

"No urban transport service in any major city of the Western world can be made to pay its way at acceptable fares under modern conditions.

"The average level of subsidy overseas is running at more than 50 per cent of the costs. In London, even with the current 'cheap fares' since October 4, the proportion of necessary subsidy on the revenue account would have been no more than 46 per cent in the full year 1982."

Sir Peter says the 1969 Act governing London Transport is obsolescent and defective in today's inflationary conditions.

'Flexibility is key to management of Civil Service pay problems'

Philip Bassett looks at Defence Ministry evidence to Sir John Megaw's inquiry

THE GOVERNMENT'S intention of bringing market forces more directly to bear on Civil Service pay has to be balanced with the flexibility to deal with complex internal payproblems required by individual departmental managements, according to the Ministry of Defence.

The Ministry — Whitehall's biggest department comprising about one-third of the entire Cicil Service — sets out its proposals for determining Civil Service pay in evidence to the Government's inquiry on pay in the service, chaired by Sir John Megaw. The inquiry is due to report by next summer.

The Ministry "believes that one of the key issues for the committee is how to achieve the right balance between external market considerations and the internal needs of managing what are major industrial and technological undertakings."

Ministry evidence avoids the central issues of comparability and other matters which the Government has dealt with centrally in its inquiry evidence. It concentrates on the problems of managing a pay system covering 900 separate grades, each with its own pay scale, with 570 allowances payable with complex shift, on-call, and other payments.

Ministry evidence stresses flexibility. As part of that, the evidence raises an idea which many officials have been keen on —the dissociation of the Ministry from the rest of the Civil Service by forming a Defence Support Service.

This is supported by Sir Frank Cooper, the Ministry's Permanent Under-Secretary. Many Ministry line managers—who have held talks at the Ministry to examine the issue—arge for this plan.

Ministry evidence says: "The disadvantages of so radical a step would in the Ministry of Defence's judgement outweigh any advantages." Raising the matter so publicly is significant.

The evidence, which claims that "the idea has attracted some support within the Ministry," says a Defence Support Service "would in effect involve the creation of a new division of the Civil Service run by the department within the overall Government approach to Civil Service pay and within the cash limits agreed for the defence budget."

Civilian pay accounts for some £1,800m out of the total defence cash limit for 1981-82 of £12bn.

The evidence acknowledges that the idea of a separate defence service "carried to its logical conclusion would involve the dismantling of the present unified Civil Service."

As a less extreme option, the Ministry proposes what would effectively be a role for itself, as the largest managing ministry, in the annual pay negotiations for the 530,000 white-collar civil servants. The Ministry already plays a considerable part in the negotiations for the 160,000 blue-collar civil servants, the majority of whom work in the Ministry of Defence.

It says "it would in general welcome changes in the pay system and in delegated authority within it which enabled management requirements to be reflected more directly in the fixing of pay." This would still be operated within the cash limit disciplines, though the Ministry claims it would maximise value for money.

As an example, the Ministry would like the flexibility to introduce special payments in individual areas of particular recruitment difficulty.

For instance, it pays a special allowance of £540 per year to white-collar staff at the Clyde nuclear submarine base, which is 25 miles from the nearest big town. This allowance was negotiated only after protracted inter-departmental difficulty. Ministry evidence presses for line managers to deal with such cases.

On the individual points raised by the inquiry, the Ministry's response is:

- Market forces. The ministry has suffered from serious losses of computer staff, and it says: "Pay is at the heart of the matter, and a lack of flexibility and slowness to adjust to market forces is bound to be a handicap." Ministry officials are keen to be able to make different payments to reflect market forces, based on the functional specialisations of the staff, such as programmers or systems analysts, or office staff in London.
- Local pay. The Ministry is considerably less keen to use differing geographical rates of pay as a method of reflecting market forces. "In the Ministry's experience of local recruitment markets, rates can vary widely within a regional or local authority boundary." It adds: "We would see problems in 'local' pay rates set for large geographical areas."
- Internal relativities. The Ministry finds relativities between grades a "continuing problem," partly because of its mix of blue and white-collar workers. Technical staff supervising blue-collar workers, for example, are often at the bottom end of their scales, paid than the workers they are supervising, partly because of the widespread use of productivity payments for the industrial grades.

As well as these "vertical" relativities, the MoD is also concerned with "Horizontal" relativities, such as the pay of scientists' in relation to administration and military staff.

- Merit pay. The Ministry regrets the absence of a system which relates pay more directly to performance, and is critical of the "virtual inevitability" of the payment of increments a nd overall pay rises to staff without relating them to achievement. "Performance - related cash incentives on lines that are common in industry could have a part to play (coupled with the revision of the present system of almost automatic increments). Another suggestion is some form of kitty or pool of money available for making merit payments.

The Ministry—which already operates four separate pay systems, for military and outside related grades, as well as for blue and white-collar staff —is keen to keep any pay system simple and flexible. However, its evidence recognises the difficulty in this: "It is necessary to find the right balance between essential variations of the (above) sort and the need to keep the pay system simple."

(Evidence by the Ministry of Defence to the Committee of Inquiry into Non - Industrial Civil Service Pay. Ministry of Defence, Whitehall, London.)

Labour loses 25th MP to Social Democrats

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE Parliamentary Labour Party yesterday suffered its 25th defection to the Social Democrats when Mr Ednyfed Hudson Davies, MP for the safe Labour seat of Caerphilly, announced he was joining the new party.

Mr Hudson Davies, 52, was not regarded as a particularly active or promising MP. But his move, at a time when Mr Michael Foot is desperately trying to restore unity in the party and stem the steady trickle of defections, is likely to damage party morale to a degree out of proportion to his personal standing.

It will also underline Labour suspicions that the Social Democrats have a large number of "sleepers" within the party who are lying in wait, ready to be activated at a rate of one a month up to the next general election. Such suspicions can only aggravate the growing mood of distrust and dislike within the party.

In a statement announcing his resignation from the Labour Party, Mr Hudson Davies said the party was now unleadable. "It has turned into a two-headed monster bent on devouring itself," he said.

An element has firmly taken hold which is completely alien to the values and aspirations of the traditional Labour Party, he said. The fault lay not in the rules of admission but in the fact that the party had become willing to select as prospective candidates people who had no real belief in parliamentary democracy.

No electorate could have faith in a party which had so altered its constitution as to make itself prone to a sudden switch of leader or of policy at the whim of the party conference and the block votes.

"Rather than remain in an atmosphere of futile in-fighting, those who still believe in the old traditions of the Labour Party should move elsewhere and leave the empty shelf to those infiltrators who have tried to take it over and ride to power on its good name," he said.

"The ideals are more important than the institution and I believe that the aims and aspirations of the real Labour Party can now be best achieved within the Social Democratic Party."

Robin Reeves writes: Mr Hudson Davies's defection brings the number of Welsh Social Democrat MPs to three. Mr Tom Ellis, MP for Wrexham, was one of the founding members of the SDP parliamentary party, and Mr Jeffrey Thomas, MP for Abertillery, one of the safest Labour seats, announced his move earlier this month.

Both he and Mr Hudson Davies faced difficulties. The Caerphilly MP's majority in the 1979 general election was 18,497 in a four-cornered contest.

Mr Hudson Davies won his first seat in the 1966 general election, at Conway, North Wales, where he narrowly beat Mr Peter Thomas, now MP for Hendon South and one-time chairman of the Conservative Party and Secretary of State for Wales. Mr Hudson Davies lost the seat in 1970.

He was chairman of the Wales Tourist Board before being adopted as the Labour candidate for Caerphilly. He said yesterday he would "probably not" fight Caerphilly for the SDP at the next election.

Plaid Cymru's vice-president, Mr Dafydd Elis Thomas, MP for Merioneth, called on Mr Hudson Davies to resign immediately and fight a by-election.

If the latest SDP recruit was a man of principle, he ought to have no hesitation in submitting himself to the Caerphilly electorate, Mr Thomas said.

He added that Plaid Cymru would start a recruitment drive in the constituency to attract people "disenchanted with the Labour Party's drift to the right."

The Welsh nationalists have sometimes polled particularly strongly in Caerphilly, a South Wales valley seat.

GARDENS TODAY

Visions of Eden

BY ROBIN LANE FOX

THERE IS nothing to do in this weather except garden in the imagination. None of my daydreams have paid much respect to the Christmas season, but I have been turned in a more reverent direction by the best book on gardening history which I have read this year.

In his Garden of Eden, published by the Yale University Press, John Prest, a fellow of Balliol, Oxford has shown once again how others dreamed and tried to realise the gardens of their minds.

The appeal of the Garden of Eden has not gone without its scholars, but Mr Prest has given it a novel turn. The Garden of Eden, he argues, was not just a beautiful guess in Genesis. Travellers to the Americas believed they have found and proved its location.

Gardeners then set out to restore it and one of their attempts can still be seen on his and my back doorstep, within the walls of the Oxford Botanic Garden, the oldest of its type in England. Botanic Gardens, he suggests, were modelled round ideas of Eden.

From Paris to Padua in the 16th and 17th centuries, gardeners intended to restore the global flora of Eden before the Fall. They levelled away the humps and hillocks which had disfigured nature in the age of sin and fenced off a square enclosure, like the ordered space which God once preferred for his primitive world.

The virtues of plants, these gardeners believed, had been signed on their shapes and natures by God himself. In turn, they aimed to write a footnote to Scripture by restoring Eden in Europe's first collection of other countries' plants.

In the age of the first botanic gardens, a strong wing of church opinion still considered that the Bible was far too subversive for Christians to be encouraged to read it. It was best kept in Latin out of their reach. Those who really knew what happened to the Patriarchs can see they had a point.

Instead, the layman could learn about God through nature and thus, suggests Mr Prest, these new botanic gardens were themselves a scriptural lesson, the flora of the world in a single chamber, an orderly Eden restored before the Fall.

This return to the Garden, he argues, was no coincidence. It all grew out of Europe's new exploration and a lurking belief that Eden was likely to turn up on Earth. Some odd candidates for its site have been advanced, not least a plea for Saudi Arabia from travellers who had scented some warm, sweet breezes off the Gulf of Aden, helped by its long pre-history as the seat of the spice-bearing East. Columbus, however, changed the focus.

I have always suspected that Columbus was a very curious figure. Mr Prest allows me to believe every inch of it. Columbus, he agrees, was convinced by the West that he had stood on the threshold of God's ancient Eden. On his third trip, to South America, his notes and letters insist that paradise now closed his horizon.

Everything around him told the same story. The tribes of the Americas wore no clothes, like Adam and Eve. The vegetation arched high overhead and ran to a luscious green. When he reached his furthest point, four rivers, like the quartet which watered Eden, seemed to flow around him and the ground rose up into a high plateau. He gave up his exploration for only one reason, fear that he was about to trespass into God's garden.

Mr Prest points out that Columbus had already chosen a converted Jew to accompany his first voyage to the West. The man knew Arabic, Hebrew and Biblical speech, the languages which would be needed. Columbus thought, when the ship entered Genesis territory and proved the Old Testament's geography.

For 50 years, other travellers agreed with this conception: Eden lay in America, and the view, says Prest, would influence gardeners back home. Botanic gardens sprang up to house flowers from the Americas and plants from all over the globe. If Eden had been found in the West, man could replant it in Oxford or Leyden and show the public a glimpse of the world before the Fall.

I would very much like to believe this timely Christmas message. Mr Prest does not add that Oxford's Botanic Garden was also sited on the cemetery of the city's Jews. That, too, might support his idea of a Christian inspiration.

But there is a gap, well known to gardening columnists, between the language in which you describe someone else's garden or propose an idle design on paper and the practical spirit in which we all set about the tyrannical business of growing plants.

The idea that the planters of our first botanic gardens were consciously rivalling Adam depends only on turns of phrase from their admirers' pens. The metaphor dignified a business done for other reasons.

No designer or curator of any botanic garden stated his aim of recovering Eden. The purpose was surely more "scientific" a display of nature's curiosities and a collection of herbs which were said to be useful in medicine.

Mr Prest quotes Cowle's view that sweet rocket would help married couples make passionate love, while mint turned men into frigid eunuchs. The advice, perhaps, comes too late for your office party, but it is at this herbal level, I think, that the funds were made over to the botanists' walled enclosures of garden plants.

Eden was one thing, botanic gardens another. It is no use pleading Paradise and going off to the greenhouse on Christmas morning, but I would wish you all a happy Christbas, nonetheless, and hope that a few more touches of Eden may light up your garden next year.

FT COMMERCIAL LAW REPORTS

Business tenant's right to remove fixtures

NEW ZEALAND GOVERNMENT PROPERTY CORPORATION v HM & S LTD.

Court of Appeal (Lord Denning, Master of the Rolls, Lord Justice Dunn and Lord Justice Fox): December 18 1981

WHERE A business tenant, on expiry or surrender of his lease, takes a new lease of the same premises, he retains his right to remove tenant's fixtures as long as he remains in possession as a tenant, and those fixtures should therefore not be regarded as part of the structure for the purpose of assessing the "open market rental value" of the demised premises.

The Court of Appeal so held when dismissing an appeal by New Zealand Government Property Corporation, landlords, from a decision of Mr Justice Woolf ([1981] 1 WLR 870) that tenant's fixtures in Her Majesty's Theatre in the Haymarket were not to be taken into account in assessing the rent payable by HM and S Ltd., tenant.

* * *

LORD DENNING, Master of the Rolls, said that the theatre was occupied "for the purpose of business." That meant that under the Landlord and Tenant Act 1954, the tenant was entitled to apply for a new lease when the old lease came to an end. While negotiations took place as to the terms of the new lease, the old lease was automatically extended until the new lease was executed.

Under the new lease the rent payable was to be £25,000 per annum for the first seven years, and at the "open market rental value of the demised premises" for the next seven years.

When the time came for assessing the "open market rental value," the parties failed to agree. The question was whether the rent was to be assessed on the basis that tenant's fixtures were part of the "demised premises."

It was clear law that a tenant had a right to remove tenant's fixtures before the term of a lease came to an end. The landlords said that when the old lease was surrendered, the tenant lost that right, and the tenant's fixtures became a gift to the landlord. They thus became part of the demised premises and the new rental was to be paid on that basis.

The tenant asserted that as long as he continued in possession, whether under the old lease, or an extension of the old lease, or under a new lease, he retained his right to remove the fixtures.

"Tenant's fixtures," for present purposes, meant fixtures which the tenant fixed to the premises for the purpose of his trade, but which did not become part of the structure. Instances were the seats in the auditorium screwed or bolted to the floor, wall-brackets for lights which were screwed to the wall, and electric transformers fixed on to the floor. The tenant was entitled to remove all of those when his term came to an end.

"Landlord's fixtures," for present purposes, meant fixtures which the tenant fixed into the premises so that they became part of the structure. They could not be removed by the tenant. Instances were improvements made by the tenant in putting in new doors or windows, or a new frontage, or safety curtains.

There were many statements in the text books to the effect that a tenant lost his right to the tenant's fixtures when his original term came to an end. Those text books were wrong. The tenant remained entitled to remove tenant's fixtures as long as he remained in possession.

In *Weeton v Woodcock* (1840) 7 *M and W* 14 Alderson B said: "The rule to be collected from . . . the cases . . . seems to be this, that the tenant's right to remove fixtures continues during his original term, and during such further period of possession by him, as he holds the premises under a right still to consider himself as a tenant."

That was the correct rule, but there were later cases which threw doubt on it, and it was therefore open to the court to consider the point on principle.

*

The principle could be tested by taking the following illustration: a business tenant installed machinery for the purpose of his trade, and at the end of his lease, with the landlord's consent but without anything being said about the machinery, he either (1) held over as a tenant from year to year; or (2) took a new lease; or (3) backdated a new lease to commence before the old lease expired; or (4) expressly surrendered the first lease and took a grant of a back-dated new lease.

It would be most unjust in those circumstances, if when the tenant eventually moved out, he could not take his machinery with him.

That illustration convinced his Lordship that the text books were erroneous, and he held that when an existing lease expired or was surrendered and was followed immediately by another to the same tenant remaining in possession, the tenant did not lose his right to remove tenant's fixtures. He was entitled to remove them at the end of his new tenancy.

The rent for the theatre in the present case should be assessed on the basis that the tenant's fixtures could have been removed by the tenant if he wished, and that they should not be regarded as part of the "demised premises" for the purpose of fixing the rent. The appeal should be dismissed.

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LORD JUSTICE DUNN, agreeing, said that the true rule at common law was that a tenant had the right to remove tenant's fixtures as long as he was in possession as a tenant, whether by holding over, or as a statutory tenant, or upon an extension of a lease of business premises under the 1954 Act. The one exception to the rule was the agricultural tenant.

If the tenant surrendered his lease and vacated the premises without removing tenant's fixtures, he was held to have abandoned them. If he surrendered the lease, expressly or by operation of law, and remained in possession under a new lease, it was a question of construction of the instrument of surrender whether he had given up his right to remove the fixtures. If nothing was said, the common law rule applied.

*

LORD JUSTICE FOX, also agreeing, said that the 1954 Act was designed to ensure security of tenure for business tenants. It enabled them to obtain extensions of their leases so they could carry on their businesses. One would be reluctant to conclude that while tenants were secure in their tenancies they might lose their rights in respect of valuable business fixtures.

It was true that a tenant could, prior to the grant of a new lease, remove any tenant's fixtures and bring them back after the new term had been granted, but that would be expensive and wasteful formalism. It should be possible for the law to preserve the tenant's right to remove fixtures in some more sensible way.

It was a sensible and workable rule that a tenant should have the right to remove his fixtures as long as he remained in possession of the premises as a tenant. It was open to the court to adopt that rule.

For the landlords: Raymond Sears, QC, and Anthony Porten (Allen and Overy).

For the tenants: Ronald Bernstein, QC, and Kirk Reynolds (Nicholson, Graham and Jones).

By Rachel Davies
Barrister

The date of the Hansard report, mentioned in Monday's "The Week in the Courts" should have been December 17 1968.

RACING

BY DOMINIC WIGAN

IN SPITE OF soaring overheads and the recesssion, which has caused a sharp decline in numbers of betting shops, the big bookmakers are looking to 1982 with confidence.

This is reflected best in sponsorship budgets for the coming year. None of the big four—Ladbrokes, William Hill, Coral and Mecca—are cutting levels or commitments. William Hill, which contributed £248,400 in 1981, will increase that figure (albeit slightly) in 1982.

William Hill's name will prefix 16 races in 1982, carrying a total of £410,000 in prize money, of which the company will be contributing just over £250,000.

In addition to supporting those two-year-old classics, the Cheveley Park, the Middle Park, the Dewhurst and Futurity, the company will be backing two of the season's three biggest sprints — the £50,000 William Hill Sprint Championship (formerly the Nunthorpe) and the £50,000 William Hill July Cup.

It will be sponsoring the handicap field too. Only recently Hill took over that "plum," the Stewards' Cup from the beleaguered Tote.

It is easy to see why it made such appeal. Through its acquisition William Hill now has major handicaps throughout the campaign with the Stewards' Cup in the summer backed by the Lincoln in the spring and the Cambridgeshire and November Handicap in the autumn.

Ladbrokes, with 1,074 shops (nearly 200 more than Hill), will be putting up about £110,000 in its "sponsorship year"—November, 1981, to September, 1982. Although it will be shedding support for the Epsom spring meeting which leaves the Blue Riband Trial without a backer, Ladbrokes is still looking for "the right opportunities."

It has secured Kempton's Christmas Hurdle from William Hill in the belief that it is an ideal sponsorship medium, coming on the ever popular King George VI Boxing Day card with its bumper television audience.

TELEVISION

Chris Dunkley: Tonight's Choice

There is just one programme on BBC-1 tonight which it is worth taking trouble to see. It won an Academy Award for MGM in 1946, it is called "The Cat Concerto," and stars **Tom and Jerry**. It starts at 7.15 and only lasts 10 minutes but it's worth all the rest of the evening's schlock on BBC-1 put together. **Carry On Doctor**, for instance, is one of the famous series of British films most of which, according to Leslie Halliwell in his wonderful "Film Guide" were "written (or recollected) by Talbot Rothwell." Tenko mercifully comes to an end, and is followed by a film which I had always assumed was merely a figment of the vivid imagination of my brother television critic Clive James: **The Savage Bees.**

BBC-2 does a little better with a couple of fairly high-quality repeats, the Christmas edition of the documentary series about life in prison, **Strangeways**; and Leslie Megahey's spooky film **Schalcken The Painter.** While **White Christmas** in between the two is famous for Bing Crosby's title number, but the movie isn't a patch on the original "Holiday Inn."

I anticipate a runaway ratings success for ITV which is offering **The Morecambe and Wise Christmas Show** complete with actors Ralph Richardson and Robert Hardy. That's followed by 75 minutes of **Princess Anne, Her Working Life.**

BBC 1

9.20 am Gymnast. 9.45 The Perishers. 9.50 Jackanory. 10.05 The Perils of Penelope Pitstop. 10.25 Why Don't You . . . ? 10.50 Play Chess! 11.00 Go With Noakes. †11.30 King Of The Rocket Men. 11.40 The Hardy Boys and Nancy Drew Mysteries. 12.30 pm News After Noon; Weather. 12.57 Regional News for England (except London). 1.00 Pebble Mill at One. 1.45 Fingerbobs. 2.00 The Nativity, starring Madeline Stowe as Mary, John V. Shea as Joseph and Leo McKern as Herod. 3.30 A Pink Christmas—a "Pink Panther" cartoon. 3.53 Regional News for England (except London). 3.55 Play School. 4.15 Jackanory. 4.30 The Record Breakers. 4.55 Renta Santa by Bob Block.

5.40 Evening News; Weatherman.

6.00 Nationwide.

7.15 Tom and Jerry.

7.25 "Carry On Doctor" (1968) starring Frankie Howerd, Sidney James, Kenneth Williams, Charles Hawtrey, Jim Dale, Barbara Windsor.

9.00 News; Weatherman.

9.25 Tenko (last in series) Christmas celebrations in the camp start earlier than expected.

10.20 "The Savage Bees" (1976), starring Ben Johnson, Michael Parks, with Horst Bucholz.

11.50-11.55 News Headlines; Weatherman.

BBC 2

10.20 am Gharbar.
10.45 Closedown.
11.00 Play School.
11.25 Closedown.
2.00 pm The King's Army "The Battle."
†2.30 Harold Lloyd
3.55 One Man and His Dog.
4.35 Howard Shelley (piano) plays Chopin.
4.40 Vikings!
5.10 To Oulton With Love.
†5.40 Daredevils of the Red Circle.
6.00 Grange Hill.
6.25 Life On Earth.
7.20 News Summary
7.25 One Hundred Great Paintings:
7.35 Grapevine. Self-help at Christmas.
8.10 Strangeways.
9.00 White Christmas: Musical (1954), starring Bing Crosby, Danny Kaye,
10.55 Late News; Weather.
11.00-12.15 am "Schalcken The Painter,"

LONDON

9.30 am Magilla Gorilla. 9.50 Bailey's Bird. 10.15 The History Makers. 10.40 Survival. 11.05 Welcome Back, Kotter. 11.30 The Further Adventures of Oliver Twist. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Freetime. 1.00 News at One. 1.20 Thames News. 1.30 The Man In The Iron Mask, starring Richard Chamberlain, Patrick McGoohan, Jenny Aguter. 3.20 Madabout. 3.45 Tommy Steele's Quincy's Quest, starring Tommy Steele, Mel Martin. 5.15 A Christmas For Boomer, starring Larry Linville, Joyce van Patten.

5.45 News.

6.00 Thames News, with Andrew Gardner, Rita Carter.

6.35 Crossroads.

7.00 This Is Your Life.

7.30 Coronation Street.

8.00 The Morecambe and Wise Christmas Show, starring Eric Morecambe and Ernie Wise with their guests.

9.00 Princess Anne—her working life.

10.15 ITN News; Thames News Headlines (THS).

10.30 Magic, starring Anthony Hopkins, Ann-Margaret, Burgess Meredith.

12.20 am It Happened One Christmas—Thora Hird remembers vividly the events of one Christmas, when she was thirteen years old.

† Indicates programmes in black and white.

All IBA Regions as London except at the following times:—

ANGLIA
9.30 am Mumbly. 9.40 Christmas Eve on Sesame Street. 10.40 Chips. 11.30 The Tiny Tree. 1.20 pm Anglia News followed by Weather Forecast. 5.15 Happy Days. 6.00 About Anglia. 10.15 News followed by Anglia late news and Weather Forecast. 12.20 am Glory to God in the Highest.

ATV
9.30 am European Folk Tales. 9.40 Something Different. 10.45 The Making of *Superman*. 11.35 *Puff the Magic Dragon* in the Land of Living Lies. 1.20 pm ATV News. 3.20 Madabout: Flying. 5.15 The Christmas Reccoons. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 12.20 am ATV News.

GRAMPIAN
9.35 am First Thing. 9.40 A Christmas Star. 10.00 Thunderbirds. 10.45 The Making of Superman. 11.35 Puff the Magic Dragon in the Land of Living Lies. 1.20 pm North News. 5.15 Batman. 6.00 North Tonight and Area Weather Forecast. 12.20 am North Headlines and Area Weather Forecast.

GRANADA
9.30 am Cartoon Time. 9.45 Santa's Pocket Watch. 10.05 The Adventures of Black Beauty. 10.25 A Flintstones Christmas. 11.10 Chips. 1.20 pm Granada Reports. 5.15 Happy Days. 6.00 Granada Reports.

HTV
9.40 am Sesame Street. 10.40 Pinocchio. 1.20 pm HTV News. 5.10 Ask Oscar! 5.20 Crossroads. 6.20 Report West. 6.30 Definition. 10.28 HTV News.
HTV Cymru/Wales—As HTV West except: 12.00 Ffalabalam. 3.20 pm Y Tylluid a Thrên Y Nadolig. 5.10 Dick Tracy. 6.00 Y Dydd. 6.15 Report Wales.

SCOTTISH
9.25 am Disney Classics. 10.30 A Flintstone Christmas. 11.15 Savage One. 5.15 pm Pet Subject. 6.20 Action Line.

SOUTHERN
9.30 am European Folk Tales. 9.40 Wild Wild World of Animals. 10.05 Patterns. 10.30 Christmas Flintstone. 11.15 Tarzan. 1.20 pm Southern News and Weather. 5.15 Dick Tracy Cartoon. 6.00 Day By Day. 6.30 Mork and Mindy. 10.15 News followed by Southern News Extra. 10.35 Play Misty For Me, starring Clint Eastwood. 12.25 am Weather Forecast, followed by Get the Habit with Sister Clementine.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 9.30 Puff the Magic Dragon. 9.55 A Christmas Two Step. 10.20 Cartoon Time. 10.40 Pinocchio. 1.20 pm North East News and Lookaround. 5.15 Mork and Mindy. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 12.20 am Christmas Presents to the World.

WESTWARD
9.30 am A Carol for Christmas. 9.35 Sesame Street. 10.35 Feature Film: Grasshopper Island. 11.50 Larry the Lamb in Toytown. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.32 Westward Late News and Weather. 12.20 am A Carol for Christmas. 12.25 West Country Weather and Shipping Forecast.

YORKSHIRE
9.30 am Sally and Jake and the Christmas Adventure. 9.40 Christmas Eve on Sesame Street. 10.40 Pinocchio. 1.20 pm Calendar News. 5.15 Happy Days White Christmas. 6.00 Calendar, the Weather.

RADIO

(S) Stereophonic broadcast
‡ Medium wave only

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 12.30 pm Newsbeat. 2.00 Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell, including 5.30 Newsbeat. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00 John Peel's Festive 50 (S).

RADIO 2
5.00 am News. 5.02 Cricket Desk. 5.03 Ray Moore (S). 6.00 Cricket Desk. 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.03 pm John Dunn (S). 1.45 Sports Desk. 2.00 Ed Stewart (S). 2.45, 3.45 Sports Desk. 4.00 David Hamilton (S). 4.45 Sports Desk. 5.45 News, Sport. 6.00 David Symonds (S). 6.45 Sports Desk. 8.00 Alan Dell (S). 8.30 The King's Collection (S). 9.00 The Boston Pops (S). 9.55 Sports Desk. 10.00 Tom Mennard tells local Tales. 10.15 The Baby Grand Song Factory. 10.30 Hubert Gregg. 11.00 Sports Desk. 11.05 Brian Matthew. 12.00 Newsroom, Weather, Motoring Information. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Christmas Choice (S). 8.00 News. 8.05 Your Christmas Choice. 9.00 News. 9.05 This Week's Composer (S). 9.55 Simon Preston (S). 10.40 Ives' Quartet No. 2 (S). 11.15 Andras Schiff (S). 12.15 pm Midday Concert (S). 1.00 News. 1.00 Interlude. 1.15 Midday Concert (S). 2.00 Music Weekly (S). 2.50 The Songs of Mussorgsky (S). 3.15 Brahms (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Bach, Beethoven and Chopin (S). 5.35 Trio Cannelio (S). 6.05 Purcell at the Playhouse (S). 7.00 Medium and Message. 7.45 Hindemith Conducting the New York Philharmonic. 8.20 Six Continents. 8.40 Concert. 9.30 Brothers. 9.50 Bach's Magnificat in E Flat (S). 10.35 A Century of Wodehouse. 11.00 News. 11.05-11.15 A Christmas Nocturne (S). ‡7.05-11.15 am Cricket: Third Test. India v England at Delhi.

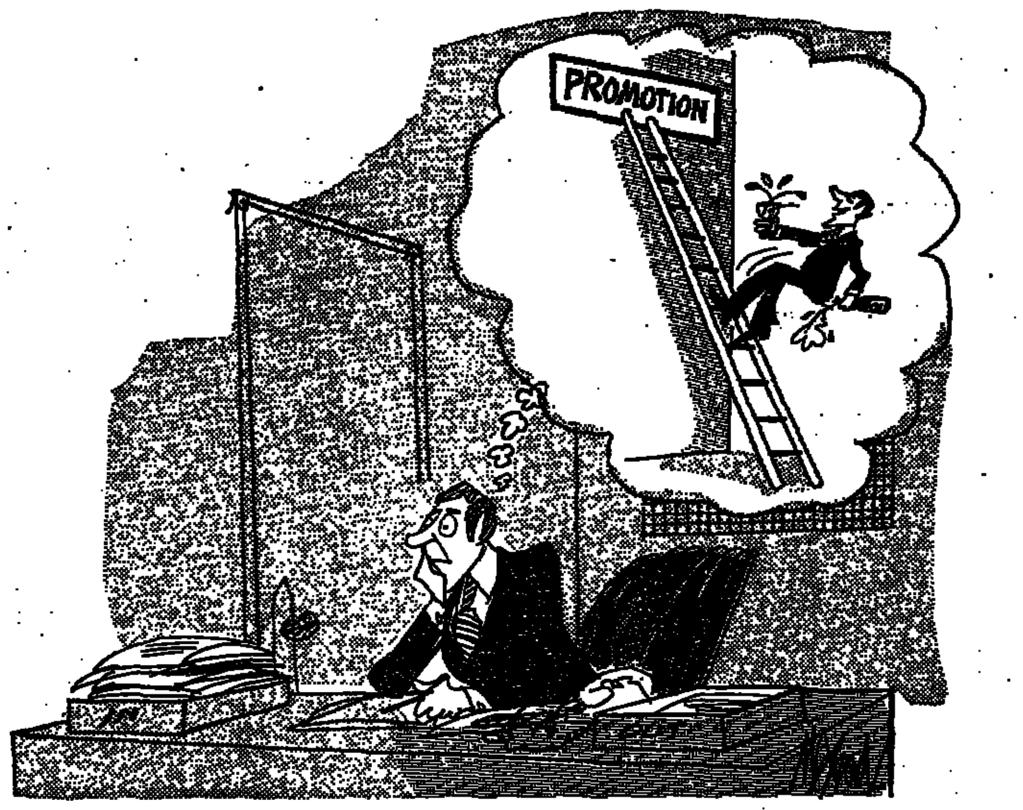
RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 A Walk in the Dark. 12.55 Weather, Programme News. 1.00 The World at One: News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 The Cities of the Plain. 4.00 Elisabeth Soderstrom (S). 4.45 Story Time. 5.00 News Magazine. 5.50 Shipping Forecast. 5.55 Weather, Programme News. 6.00 The Six O'Clock News, including Financial Report. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Shepherds (S). 8.00 The Dillen. 8.45 [illegible] 4. 9.30 Kaleidoscope. [illegible] Weather. 10.00 The World Tonight. News. 10.30 Quote Unquote (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News, Weather Report, Forecast. 12.15 am-12.23 Shipping Forecast. Inshore Forecast.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Manners maketh executive man

Robert Cottrell offers some gastronomic advice on how to ruin a promising career



IT HAD been a bad day for *John Spiller**. *As he sat in his* office late into the gloomy Wednesday afternoon, stubbing out another cigarette into the brimming ashtray, he realised that it could hardly have been worse.

His hopes of promotion, raised so high that morning, were dashed. He might even have put his present job at risk. How had it happened? Was there anything he could have done to prevent the seemingly inexorable train of events? Slowly, through the gathering storm of monstrous headache, he began to recollect the events of only a few hours before.

Brian Stable, the main board director responsible for John's department, corporate planning, had indicated that there were changes afoot. There was, he hinted, the prospect of a senior vacancy in the New Year — perhaps even at deputy head level — and, naturally John's was a name under consideration. Would he, therefore, care to join Brian and Ted Strong, the group managing director, for lunch that day?

John certainly would. "I may be back a little late," he had told his secretary as 12.30 approached. "I have been asked to lunch with the group managing director." He saw the girl raise her eyes appreciatively. That, in retrospect, had been the best moment in the whole damned business.

Foul

The traffic was busier than John had anticipated, and by the time he reached the restaurant at which they had agreed to lunch, he was already rather late. He was two sentences into a breathless apology when Brian interrupted. "Not to worry, John," he soothed, "I took the liberty of ordering while we were waiting for you." John nodded appreciatively, and they sat down.

The first course had already been set on the table. John recognised what it was — artichokes — but realised that he had never eaten one before. Just as he was wondering how to eat it, the waiter arrived with the wine — bottle in one hand, ice-bucket in the other. "You want to try it, Sir?" he asked. Ted looked up, and waved his hand briefly — "John, would you?" he suggested. The waiter poured a little into John's glass.

To be frank, thought John, it tasted pretty foul. But Ted had ordered, and he should know what he was doing. "Fine," he said thoughtfully, and watched the glasses being filled around the table.

By now, Brian had begun to talk about portfolio mix and technology windows, and the sort of man they needed as development number two over the next four or five years. John was agreeing, managing to make a few of the points which he had worked out in the morning, and still thinking about the defiant artichoke.

Should he ask for their advice? No, they were looking for somebody with self-assurance to handle a difficult job, and he didn't want to advertise a strain of uncertainty. He decided to watch Ted.

The first thing he noticed was *a look of anguish on Ted's face* as he drank the wine which John had approved. "Funny sort of year," said John, making a stab in the dark, "always interesting." Ted nodded, and plucked a leaf off the bulbous mass on the plate in front of him. John did the same. Then Ted paused, leaf-in-hand, to talk. John, caught off balance, did the obvious thing. He put the leaf *into his mouth, and started to* chew.

Ted stopped in mid-sentence, and looked interestedly at John. "You are evidently . . . fond of artichokes, are you?" he asked. "I don't like to go much beyond the tip myself." John chewed energetically away at the gritty fibre and, with an effort of will, swallowed it. "Lovely," he said with a gulp, "best bit of it, never eat them any other way."

And having said that, John managed, to the ill-concealed amazement of his companions, to munch his way as best he could through a dozen more leaves until he could munch no more. He watched enviously as Brian and Ted went through their delicate routine of pick, dip, nibble, discard.

Having had a couple more glasses of wine by this stage, John was finding it a little difficult to follow quite what Ted was saying — though he gathered it was something to do with a wider UK earnings base for relieving ACT when the Pynch Flats profits really started coming through. He decided to concentrate on the food and let them do the talking.

That in itself was not a bad scheme, but when the next course arrived his feelings could scarcely be described as anything less than consternation. "Old favourite of mine," said Brian, "though it's not something they usually do. Hope you like it." "Oh, yes, of course," said John, feeling his way carefully, "unusual, but very refreshing for lunch."

John worked it out gradually. He had a small plate of pancakes, some meat of indeterminate variety, and a dish of plum jam. Was it a sequence? Should the jam be poured on to the meat? Or the meat dipped in the jam — if it was jam — or the meat first and then the pancakes and the jam for a sort of pudding?

Fortunately, Brian came to the rescue with a masterly demonstration of the whole business. It was a sort of do-it-yourself meat swiss roll. John's first attempt was not quite so successful. In fact, not to put too strong a point on it, a piece of the pancake ended up in his mouth, the jam all over his trousers and a number of pieces of meat *over Brian's suit*.

"Can happen all too easily with Peking duck," said Brian, though not quite so cheerfully as the words might suggest. John tried again. This time, the errant food went no further than his own lapels. Some of it, in fact, did not go far enough. A distinctly bony object was stuck in John's throat.

He swallowed hard. It felt as if an angry dwarf was trying to hack its way through his throat armed with a pair of ballpoint pens. Now he was choking, tears streaming down his cheeks, face bright red, pointing to his throat. . . .

Brian hit him on the back, the bone came hurtling out with the help of a vigorous cough, the waiter cleared up the mess and with fairly good grace, and John gulped at a glass of wine.

And that, John reflected later, was it really. His brilliant ploy of squirting juice into Brian's eye while trying to peel an *orange was* a mere postscript, as was his eating of a nut with its shell still on. The pain of the latter venture still lingered.

Grouse

He hadn't even realised how drunk he was until he got out into the street. The promotion was a lost dream, the meal a nightmare. He had a hangover. Could it have been worse?

OUR VIEW: Could it have been worse? Well, probably. Brian and Ted had toyed that morning with a number of possible menus, including corn-on-the cob, snails, oysters, grouse, spaghetti, plum pie and mussels. John had got off pretty lightly—though persuading the restaurant to leave the odd bone or two in his duck was a dirty trick. Still, Brian and Ted reasoned, they were interested in him as a forward planner. They quite liked his style with the artichoke, and the orange didn't bother them terribly. He might even have left the table with his job prospects intact, had he not become so drunk.

It is, in short, no use being a dab-hand with a knife in the back if you cannot also use it with equal dexterity at table. Send an SAE for our free pamphlet "A finger in every pie."

**Any resemblance to persons living or dead is unintended or purely coincidental.*

The perils of presents

IN THIS season of goodwill a businessman's thoughts turn naturally to gifts: to giving them, and receiving them. Not bribes (of course) but those small tokens that say Thank-You-For-Services-Rendered.

Giving, as every businessman will readily admit, is more of a problem than receiving, if only because of the difficulty of *making a suitable* choice. In one's own country that choice is usually made easier by the fact that there are few cultural differences to consider.

But, when a businessman gives a gift to someone of another nationality, especially when on a visit to their home countries, the act of generosity becomes fraught with pitfalls, according to a new international survey of etiquette*.

The survey has been conducted by The Parker Pen Company, of the US, to provide businessmen with a guide to gift-giving practices and customs in major trading areas. While the study was directed primarily at the experiences of U.S. businessmen, its conclusions could easily apply to other nationalities. It makes no reference at all to pens—presumably because they are not considered a sensitive item.

The company's researchers conducted some 125 interviews with widely-travelled executives from top U.S. companies and concluded that the consequences of offering an inappropriate gift can range from merely being considered uninformed to losing a valued customer or contact.

According to Dr Kathleen Reardon, a professor of communication sciences at the University of Connecticut, who conducted the survey, many gifts cause unintended offence.

To avoid this the businessman has to understand foreign customs and cultures, she says, although a good rule "is to give with thought more than money."

Among an exhaustive checklist to help businessmen avoid the gaffes that might hamper business deals, Reardon advises:

● Never offer a Japanese businessman a gift in black and white combination wrapping. These colours are reserved for funerals. Also, do not offer a gift depicting a fox or a badger; the fox is the symbol of fertility while the badger symbolises cunning.

● In an Arab country, be careful when selecting items *depicting animals or animal* sculptures. Many have connotations of bad luck. Also, never bring a gift for an Arab wife or wives; an association between a man and a woman in those countries is a deeply personal and sensitive area.

● In Latin American countries, avoid giving a knife or a handkerchief. The former implies cutting off a relationship while the latter is associated with tears.

● Although business gift giving is not prevalent in China, do not give a clock. The pronunciation of the word in Chinese is the same as "funeral" in English-speaking countries.

● Avoid chrysanthemums in France because they represent mourning, and red roses in West Germany — they are reserved for lovers.

** International Business Gift Giving Customs, by Dr Kathleen Reardon, available from The Parker Pen Company, 15 Grosvenor Gardens, London SW1. Price £3.*

Arnold Kransdorff

BOARDROOM BALLADS

CHRISTMAS CHEER ! ★ ! ?

Welcome to the Christmas jolly!
Came round fast again, by golly!
Even though it's last year's holly,
So long 1981!
Come on in, you girls and fellas,
Hand around the panatellas,
Get the vino from the cellars,
Join the board and have some fun!

★

Sorry that you missed your bonus,
Here's to all the City moaners!
Anyone prefer coronas?
Fill 'em up and don't say when!
So, the situation's chronic,
And the customers moronic,
Pour yourselves a gin and tonic,
Consolidated floats again!

★

All these things are sent to try us,
Maybe someone else'll buy us
When the current loan expires,
Bale us out again, you'll see!
Life's a bagful of surprises.
Could be that they'll nationalise us!
Here's to public enterprises
Or, at worst, redundancy!

★

Cheer up, Charlie! Lord protect us!
Where's your faith in our directors?
Let's get out the new prospectus,
Show a bit of British spunk!

Why not make that mausoleum
Of a factory a museum!
Can't you close your eyes and see 'em
Flocking in to see the junk?

★

Give 'em all a bit of pleasure,
Now the money's all in leisure!
Part of our historic treasure—
Why not call the National Trust?
Make an offer to the nation!
Save a lot on automation,
That's the way to beat inflation,
Keep ourselves from going bust!

★

Trust the brokers to ignore us!
Someone give us all a chorus,
Get old Parkinson to pour us
All another glass of beer!
Everybody feeling better?
Told you we would never let a
Company receiver get a
Grip on all our Christmas cheer!

★

Right then! Lubricate your throttles,
Loosen up your epiglottals,
Lead us off with Ten Green Bottles,
Another year should see us through!
Happy Christmas all you rowdies!
Down with pessimists and dowdies!
We could always call the Saudis!
Here's to 1982.

Bertie Ramsbottom

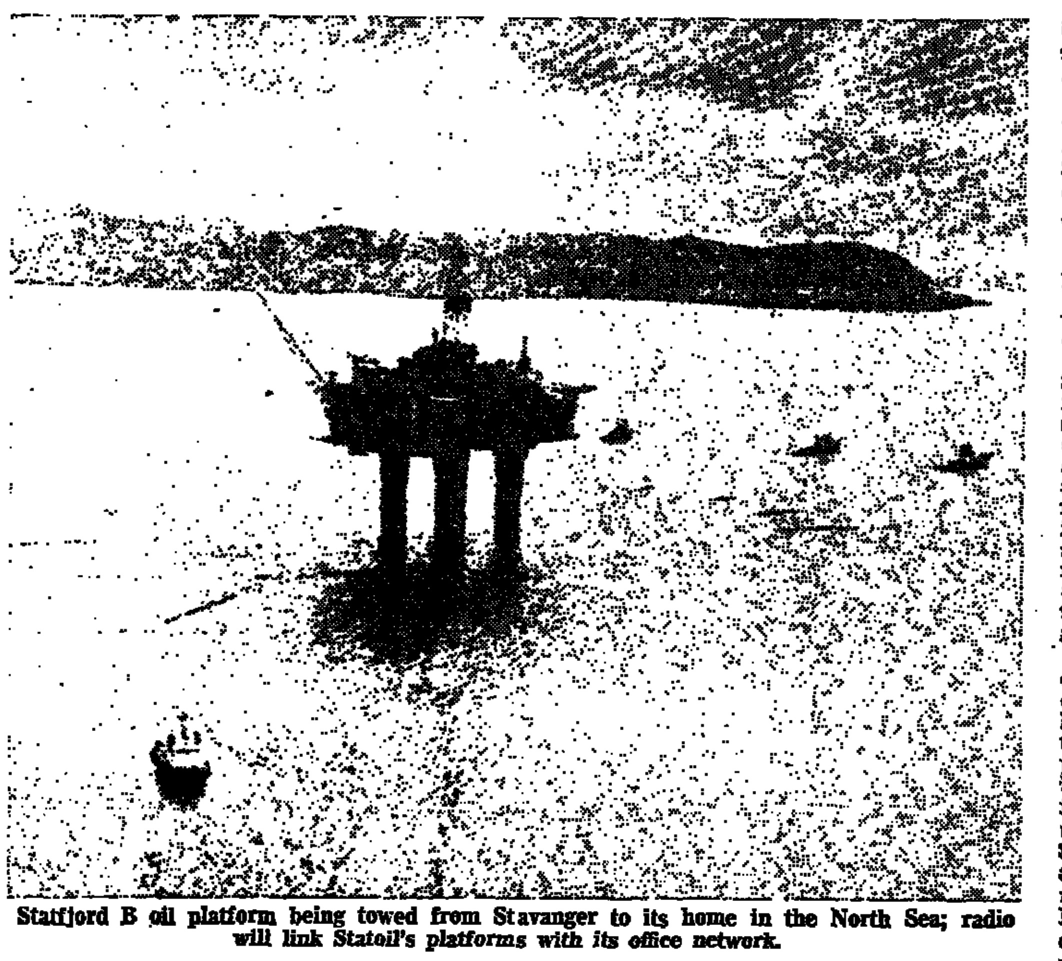
NEXT WEDNESDAY: THE DIRECTOR OF INFORMATION

TECHNOLOGY

EDITED BY ALAN CANE

Alan Cane looks at the office strategy of the world's largest computer company

IBM's plan to oil the office wheels



Statfjord B oil platform being towed from Stavanger to its home in the North Sea; radio *will link Statoil's platforms with its office network.*

1981 WAS something of a watershed for electronic office systems. Supplier after supplier announced its concept of what the office of the future should look like and the kind of equipment it should contain.

Xerox made perhaps the biggest splash when it launched its "Star" executive work station back in April along with the news that Ethernet, its proprietary system for linking all the constituent parts of the electronic office together, was at last available for sale.

But the list of companies announcing important products and systems for the office covers the mighty and the minute.

It includes Burroughs, Rediffusion, Data General, Digital Equipment, Xionics, Racal, Office Technology, NCR. ICL and Sinclair have got together to produce a telephone terminal with a tiny screen. Plessey announced plans to market office products based on a computer power telephone switch. The Swiss company, Hasler, and Wang, the U.S. company which has made most of the running in word processing systems so far, both announced products that will transmit voice and data over local networks.

But in all this feverish activity there has been one anomaly: the extremely low profile adopted by IBM, the world's largest computer and office products company.

IBM dominates the data processing world. For years it has told its users, "We know what is best for you," and most of them have been only too happy to accept IBM's judgment. But the office market is quite different. It is, in fact, in chaos, with no real standards and a profusion of conflicting advice and incompatible systems. IBM has, up to now, shown no signs of taking a lead.

True, there have been plenty of signs that the giant was not simply asleep. Over four years ago, it introduced a device it calls an information distributor, a printer for word and data processing application with text processing, communications and copying facilities built in—in other words, what Xerox would call a print server.

The major move came in June 1980, when IBM issued a state*ment of direction at the same* time as it launched three new products obviously intended for the office.

There was the Displaywriter, *a low cost, stand alone* word processor, the 5520, basically a minicomputer controlling a number of business terminals and the 8100, a text processing *and distribution* system. This last has a batch of smart functions like automatic spelling and grammar correction and electronic mail.

The statement of direction made it clear that over a period of three or four years, communications would be provided for these devices so that they could be linked together to form text and data creation, storage, processing and distribution systems.

The first parts of this promise have already been fulfilled. 8100 systems can now communicate with an IBM mainframe for the filing and distribution of information. It will soon be possible to do the same with the 5520 and the Displaywriter.

IBM's argument at the *moment seems* to be that there are a variety of ways in which machines can be connected together to provide effective office systems, and it is ruling out none of them.

It is certainly saying that the creation of an electronic office is far harder, both in technological and human terms, than most suppliers are prepared to admit.

Now whether this is the result of deeply considered strategy or a little cognitive dissonance on the part of IBM as it fights to maintain its share of a market about which it is genuinely uncertain is open to argument. But what is not arguable is that IBM is already selling its concept of the electronic office. Several installations are already operating in the UK, but their owners do not welcome publicity. Which is why IBM flies prospective customers to Norway to examine the system at Statoil in Stavanger.

Statoil, the Norwegian state-owned oil company is distributed both by decree and by design. The Norwegian Government, anxious to avoid creating a monopolistic monster has set limits to the number of people who can be employed by the company in any one area.

In Stavanger, for example, the company's headquarters, only 1,200 people are allowed, although the company is trying to have the limit raised to 1,500.

And by design: the company is responsible for exploration and recovery of oil and gas from some of the biggest fields in the North Sea. In particular, Statoil has interests in the massive Statjford field, the largest oil field discoverd to date in the North Sea.

The company is buying its own mainframe—a very large IBM 3081D—but at present uses the IBM 3033 of the services bureau Rogalansdata. Because of the restriction on employees in Stavanger, the bureau will operate the 3081 for Statoil when it arrives on a facilities management basis.

The company will have some twelve 8100 systems by the end *of the year each running* up to 30 terminals and all communicating through the 3033. The plan is to increase this number of systems to 30.

The system uses a clever piece of software called DISOSS (Distributed Office Communication System) to streamline document handling.

It would be nice to think Statoil went the IBM route after intensive evaluation of the systems available, but the decision seems to have been chiefly expediency. According *to Mr Kjetil Solvberg, systems* manager at Statoil, the company is an IBM shop and in choosing a text handling system, it looked first to see if IBM had an acceptable product: "It may not be the best in the world, but it is good enough for us."

There are disadvantages. The company originally wanted to distribute its computer databases around the various locations, but the DISOSS package provides only for a central database connected to the mainframe and accessed remotely by the terminals attached to the 8100 (the 8100 is described as a controller; it is basically a minicomputer rather like the IBM System/34 with a number of screen-based terminals connected to it).

IBM does not yet admit it will provide a distributed database facility through DISOSS but Mr Solvberg says: "We want distributed files — and we believe we will get it."

So it seems clear IBM intends its office architecture to comprise the Displaywriter, 5520 and 8100 systems all communicating through a large mainframe with the aid of DISOSS. It has just announced that a 5200 terminal will be able to handle text and data, so fulfilling one of the major functions of an office work station.

What is IBM's eventual goal? There is nothing in its present activities to contradict the conclusion reached 12 months ago by the consultancy Strategic Business Services that IBM will use its office automation equipment as terminals for Satellite Business Systems (SBS) networking and communications services. IBM has a one third share in SBS. Its eventual share of the future office systems market is open to speculation.

Ultrasound controls lights and heating

BY ELAINE WILLIAMS

AS TERRY MILES lay in bed with 'flu he thought it would be a nice idea if the lights in his home could automatically switch *on or off every time some one* entered or left a room.

When he recovered he talked to computer expert Brian Fine who was advising Mr Miles on automating his company's T. A. Miles Construction, accounting system and asked if it was possible to build such a lighting control.

The result was a partnership between them to produce a sensor which could not only control lighting in homes and offices but also adjust heating systems according to room occupancy, or even sense when a visitor is approaching the front door and switch on the porch light.

It is still early days, but Mr Miles hopes that production of the device could start sometime in 1982. At present about 100 prototypes are being made for field trials and detailed market research is being carried out to assess the market potential.

The sensor design is based on ultrasonic techniques which are widely used for burglar alarms. King's College has helped with the development. Mr Fine said: "We fill a room with high frequency sound which is inaudible to humans."

In an empty room this forms a static sound pattern which when disturbed by movement of any kind registers as change in the sounds characteristics.

"The sensor can replace a conventional lighting control and operate on its own or be linked into a home or office computer system," Mr Fine said.

The applications for the device in the home or office are legion, the two men believe. In a large building it could tell which rooms are occupied and *even automatically lock doors* for greater security during out-of-office hours.

Mr Fine says that every home could use four to six sensors for *the various heating and lighting* controls.

There is still the problem of finance to be faced, though it is hoped that most of the money will come from Barclays Bank under its business start-up scheme. Mr Fine estimates that it will cost about £100,000 to get to the point of perfecting the sensor but up to £1m to mass produce on the scale required. It has already received Department of Industry funding.

Mr Miles said that Ristberry, the company set up to develop the device, would have to attack world-wide markets especially the U.S., rather than rely solely on the UK market which tends to be conservative about new gadgets.

Mr Fine admits that there are already competitors in the market including a company called Allen-Martin Electronics in Wolverhampton.

However the market is largely untapped and he believes that there is room for competition.

NCR Basic bank terminal

BANKS AND other financial institutions can use their own staff to programme the latest financial terminal from NCR—it uses a form of Basic language.

The NCR 2262 cost £2,280 (one off) and offers a wide range of facilities. Each of the 44 keys on the keyboard can be programmed to handle different functions and the screen displays 16 lines of 44 characters each. A journal printer is built in.

A wide range of optional hardware includes a magnetic stripe readesr for entering data from plastic cards, a keypad for customers to enter personal identification numbers, a passbook printer, a digital cassette tape recorder for storing and loading programs and collecting transaction data, and a *currency* dispenser.

The passbook printer can be shared by up to four 2262 machines, while a single 2262 can concentrate from *up to 12* devices to give economical communications.

Several communications protocols can be used for on-line connection to a central computer, although the cassette option allows the 2262 to work off line as a self-contained transaction handling terminal, the tape being emptied *into the* computer perhaps once a day over a phone line.

Some standard packages are available for the machine to help users introduce live systems more quickly. Most teller functions can be accommodated, including foreign exchange.

Saving power in textile finishing

EFFORTS TO save power by textile wet processors such as dyers and finishers, have, for the past few years tended to centre on the application of finishing compounds and dyes from a sheet of foam.

This is a gradually developing technology, but one that is proving somewhat difficult to control, particularly when very light applications have to be made to running webs travelling at high speeds and *there may well be side-to-side* variations. Now it would appear that a solution has been found to this problem by the introduction of a piece of Austrian equipment made by Johannes Zimmer, Klagenfurt. It is called the NWG machine and it eliminates the need for foam.

A cylinder rests in a bath of liquor and picks up a surface coating. This is then controlled by a roller wound spirally with wire and held against the main cylinder by magnetic forces within the cylinder itself. Selection of this doctor roller controls the amount of liquor left on the cylinder face.

The fabric to be treated across its face is now brought against the cylinder and taken through a series of five nip rolls which again are drawn to the surface magnetically. The NWG is designed so that the pressure on the five nip rolls is adjustable to meet the specific needs of the processor. The appeal of this new system of low liquor add-on is that it is precise and already it is being predicted that the first machine will pay for itself in savings of chemicals in about a year.

The equipment is marketed *in Britain by* Colplan Engineering, Darrington House, Red Lumb, Norden, Rochdale, OL12 7TX. Telephone 0706 55899, Tx 63375.

THE ARTS

Television

Angry advice for Alasdair by CHRIS DUNKLEY

The amount of gratuitous advice about television being offered to Alasdair Milne now that we know he is to be the next director-general of the BBC is somewhat ridiculous. In his new exalted position he will have to take responsibility for the entire organisation — radio, diplomacy, external services and so on—whereas during the past four years as managing director of BBC Television his interests have been devoted exclusively to television. His influence upon the programmes turning up on our screens is likely to be not greater but much less than hitherto.

Still, a promotion such as his is as good an excuse as any for a critic to air his views, and since Mr Milne is known to have a personal interest in news and current affairs and one of the specific responsibilities of the D-G is that of "Editor-in-Chief," perhaps he will forgive me if I add my 45 pen'orth to the growing mound of advice.

What it boils down to is this: not only should BBC News go no further down the road towards becoming the Daily Star of the airwaves, but the process should be reversed. For the first time in the 10 years that I have been a television critic and, I suspect, for the first time ever, BBC Television News is clearly in danger of losing all its reputation and respect. It is time the rot was stopped, and perhaps the editor-in-chief is the person to stop it.

It all seems to have started when Kenneth Kendall and Richard Baker were put out to grass and the two Johns, Humphrys and Simpson, were brought in. That in itself was a little like chucking out Domingo and Pavarotti and bringing in Engelbert Humperdinck and Barry Manilow, though by all accounts the ratings have not gone up (as might have been hoped) but down. To be fair, there are signs that John Simpson, the heftier one who used to be political editor, may one day develop the sort of weight and authority personified by Kendall and Baker.

Of itself, however, the importance of the change in personnel was symbolic more than material. Obviously no news reader can last forever, and even if Kendall and Baker do have several good years to go yet (Baker is 56 and Kendall 57) they would eventually have to be replaced. It is the accompanying changes in style and most of all in basic attitudes which are so significant and so dispiriting.

I am not referring to the cravat jacket and heather-mixture ties which the old brigade have always saved for weekends and which the Two Johnnies often wear on weekdays. Some viewers are outraged, but it really does not worry me. What does worry me is the way that *The Nine O'Clock News* has become *The Well And So Show.*

Having read us the "headline" or introduced an on-the-spot report The Two Johnnies all too often turn (quite unnecessarily) to another camera just like somebody in a toothpaste commercial, and in that tone of voice which Joyce Grenfell parodied so well when impersonating a kindergarten teacher, start their next sentence "Well—" or "So—" as in: "So what do they think of Lord Scarman's findings?" or "Well, all this is . . ."

On its own this Janet-and-John tone of condescension might be tolerable but when it is combined with tabloid journalese one simply has to turn it off. In spoken English "Up go rates" is neither graceful or natural nor any quicker than "Rates go up." It merely proves that the perpetrator has been brought up reading bad newspapers.

Worse still, the encroachment of tabloid jargon has gone hand in hand with a deplorable increase in tabloid sensationalism. It would come as no surprise to hear that the BBC newsroom had put up, in the style of Christiansen's Express, the motto "Any picture is better than no picture." Matters reached an extreme on the night the *Nine O'Clock News* showed film of American policemen shooting a drunk. That Simpson knew they were showing it solely and only because they had been offered it on the international exchange, and not because it had one iota of news value, was obvious from the way he topped and tailed the item: he did at least have the grace to look and sound shamefaced.

It is entirely in the spirit of the new regime that their method of dealing with the worst winter weather for 18 years is to "interview" Michael Fish, "The Weatherman" and have him show us how he has had to make special little blue discs for his map with "—16" written on them. After all, a blocked motorway is a blocked motorway but Michael Fish is A Personality—or the *Nine O'Clock News* will know the reason why.

No doubt television should have a news service suited to the tastes of those who read the Star, Sun, Mirror and so on. Such viewers do, after all, heavily outnumber those who read this newspaper and the rest of the quality Press. But there is no reason why the price of donkeys for all should be the killing of your prize stallion. There is soon going to be a lot more television of all sorts, and that will be the time to expand the news services and add a more domestic version if necessary.

Meanwhile, Mr Milne, please ensure that whatever happens to ITN's output (and since they are strictly limited to news they will, naturally, expand it whenever they can) the main BBC News programmes stick to *news*. You can always expand the background in your numerous current affairs programmes.

The best current affairs programme last week, and for a very long time, was Leslie Woodhead's drama-documentary *Strike* which reconstructed in fine detail the events at the Lenin shipyard in Gdansk leading to the formation of Solidarity. Rushed into the schedules when it became clear that events in Poland were becoming critical, the programme received no advance publicity and was probably missed by many who would have liked to see it. It should be repeated as son as possible.

When added to *The Man Who Wouldn't Keep Quiet* (about the dissident Russian General Grigorenko) *A Subject of Struggle* (about a Maoist trial) *Three Days In Szecin* (also about Poland) and *Invasion* (about the Russian invasion of Czechoslovakia) this new programme reinforces a record for Woodhead and Granada which is not only unequalled but not even attempted anywhere else. They are the only ones in Britain regularly making factual programmes about events in Eastern Europe.

Starting with the leafleting campaign of a couple of very young trade unionists, and following right through to the calling in of the government, *Strike* conveyed the sensation of throat constricting excitement which only comes when you take your destiny into your own hands. Yet it was no concoction of starry-eyed idealism. It showed how fast the best intentioned group of idealists can slide towards mob rule; and how, even among a group of egalitarian socialists, charismatic leaders rapidly emerge.

Indeed, the portrait of Lech Walesa (another superb performance from Ian Holm) was itself far from idealised: pragmatism was shown to be his main suit, all the way up to and including disloyalty to the very group of dissident intellectuals which had originally supported him.

The programme proved yet again that given a big enough budget and people of integrity who are willing to take endless pains, television can not only succeed on the analytical side of journalism, but can convey matters that print cannot.

Strike was slotted into a space which should have been filled by the second half of Granada's ballet double, *Isadora*. On the previous night we had seen *A Lot Of Happiness* in which Jack Gold not only filmed Kenneth MacMillan creating a new ballet before our very eyes, but asked him all the awkward questions—"Why do you want them to move like that *now?*"—which most of us would want to ask. This too was a deeply analytical work; much more so than the prize winning *MacMillan's Mayerling*. Gold's programme managed to squeeze right into the space between creative genius and bravura performance to draw a chart of the myriad tiny capillaries running between the two. It was easily the best programme about ballet I have ever seen.

Kenneth Macmillan (left) and two dancers from the Stuttgart Ballet, Vladimir Klos and Birgit Keil

Christmas, 1982, contest

A first prize of £1,000, a second of £500, a third of £250 and four of /100 are offered to the winners of a competition for Christmas card designs for 1982. The prizes have been donated by Fine Art Development. The winning designs will be reproduced and sold as Christmas cards through the Friends of the Royal Academy, the Royal Academy Shop and The Save the Children Fund.

Submissions may be made in any medium, but preference will be given to subjects in colour. The subject should be suitable for reproduction as a Christmas card, and copies of the 1981 leaflet are available on request.

Entries should be sent by post to "The Christmas Card Competition, Royal Academy of Arts, Burlington House, Piccadilly, London W1V 0DS, to arrive not later than 12 noon on Saturday, January 23, 1982, the closing date of the competition. The results will be available on February 20, 1982.

All enquiries should be addresed to Frances Rous, Royal Academy of Arts.

Concerts off

Because of the indisposition of its leader, the Orlando String Quartet has had to cancel its two concerts at the Queen Elizabeth Hall on January 1 and 3 at 7.45.

Wimbledon

Dick Whittington by CHRIS DUNKLEY

The music hall lives on in pantomime. Where else nowadays would you find that the price of a theatre seat bought you not one or even two but three nationally known comedians (Eric Sykes, Roy Kinnear and Brian Murphy best known for *George and Mildred)* plus an elaborately mounted bit of classical ballet danced, almost inevitably perhaps, to the adagio from Khachaturian's *Spartacus* known to millions as the signature tune from *The Onedin Line*, and a conjuring act complete with someone being sawn in half, all in addition to the provision of such basics as singing, dancing, slapstick and audience participation?

Dick Whittington at Wimbledon has all of this with a top seat price of £4.50 incidentally which is remarkable in 1981—and more. The role of the villain, for instance provides a part for yet another actor well known from television, Michael Robbins, and, as with many modern pantomimes, this part proves one of the evening's most productive.

As King Rat, Robbins always appears in a green spotlight, and even though he never enters through a trap door in a puff of smoke and his fight with Dick's cat is brief and unconvincing instead of being the high spot of the pantomime as it can be, the enthusiasm with which he is hissed and booed shows that such evil roles have lost none of their old power. Robbins revels in it.

Leonard Burt

Brian Murphy, Roy Kinnear, Eric Sykes, Jan Hunt and Scott Mackee (The Cat)

Although Jan Hunt as Dick and Carole Brooke as Alice Fitzwarren sing nicely enough and the chorus including The Babes from "The Babette Palmer Young Set" perform with seasonal dash and jollity, it is an evening which belongs to the comics. It is astounding to think that this is Eric Sykes' first pantomime; there is nothing of the novice about him.

He, Kinnear and Gwyn Jones (the mate) combine for the show's best sketch about a "magic" hat which supposedly renders the wearer deaf. Much careful synchronisation is necessary between the donning and doffing of the hat and the speaking or mouthing of words.

With 14 scenes spread over two and a half hours you get tremendous value for money, and if the story tends to get lost it is not for the sake of smutty or topical jokes, but merely because this is pantomime.

Victoria Palace

Mother Goose by MICHAEL COVENEY

The one traditional pantomime in the West End this year is at Victoria, and they don't come any more traditional than this. There is no messing about: an opening explosion reveals the Demon King and the Fairy Queen reciting a business-like prologue and transporting us to the Village of Sweet Content where Mother Goose is faced with an eviction order after a rousing chorus of "It's A Most Unusual Day." Villagers and peasant girls divide to allow the principals to make their various claims on our sympathy and the Squire's benchmen (who happen to be circus owners for a conveniently colourful, spangled finale to the first act) are forestalled by the arrival of Priscilla the Goose who puts her head on the dame's shoulder and proceeds to lay a series of golden eggs.

The country lane scenes separate some modestly elaborate backdrops: the Palace of Gold, to signify Mother Goose's sudden riches; her boudoir where she succumbs to vanity and the Demon King's promise of beauty; a Magic Pool where she is transformed to an aged prima ballerina in tutu and fluttering eyelashes; the Court of Gooseland where Priscilla is reclaimed; and the wedding day walk down back at the Palace.

Under Bill Robertson's direction, it all moves along smoothly and there are some excellent speciality acts on the way: the circus owners (Jimmy and Brian Patton) turn out to be a good comic patter and dance act; the circus is taken over by Paul and Peta Page's fine parade of luminous, terpsichorean puppet animals; and, most popular of all, the ventriloquist Dawson Chance with a rustic, pop-eyed tortoise.

But the real reason for seeing the show is John Inman's dame. It is a long time since I have seen so well-judged and technically accomplished a pantomime performance. He strikes a perfect rapport with the audience and never overplays his hand. There is always something in reserve and his gestures and asides are appropriate and very funny throughout. There is sexual innuendo, but only if you look hard: this must be the cleanest pantomime for years. And Mr Inman could teach Danny La Rue a thing or two about the wearing of extravagant costumes. I particularly like his candelabra hair-do for the dinner scene with the Duchess of Southend and other guests—he seems to push on his own crinoline before calmly opening the front door and walking down stage.

In the boudoir, before playing a bravely sentimental farewell with Priscilla (touchingly played by Barbara Newman), he performs a chaste strip, hanging out layers of colourful undies on an unfurled washing line before bending over and revealing his cami-knickers which then wink at the audience.

Perhaps the choice of song could have been more adventurous, and although Susan Maughan is a confident principal boy, she lacks charm. Arthur Lowe mumbles mysteriously away as the Squire, but he raises several warm chuckles and the grown-up chorus girls are quite upstaged by their junior counterparts in two delightful sequences — the Teddy Bear's picnic, led by Mr Inman in fishnet tights and ginger wig, and a faintly indecent Shirley Temple routine that opens the second half.

Old Vic

Toad of Toad Hall by ALAN FORREST

The novelist and critic, John Wain, argued during a lecture recently that Kenneth Grahame's children's classic, *The Wind in the Willows*, is a better picture of Edwardian England than The Forsyte Saga. One can see the truth in this argument — the atmosphere of high noon sunshine of the river bank, picnic hampers and a few well-heeled chaps (although they happen to be animals) of no apparent gainful occupation. Toad is the typical spendthrift hell-raiser who grew up quickly and died bravely in the mud of Flanders a few years later.

This, of course, is an adult's eye view. A. A. Milne's adaptation, *Toad of Toad Hall*, lives on as a great romp for the children. The Old Vic's production is nicely traditional, but with lots of reminders of the Wain theory for accompanying adults.

I enjoyed taking a first look at Barrie Jameson's Mole — he is the young successor to the late Richard Goolden. His performance is by no means a carbon copy: he leaps about in his own way. Brian Parr as Water Rat is well in the tradition as is David King's patriarchal Badger. Ian Talbot plays Toad just as he should be played; he inflates and deflates with panache — surely Toad must have been one of modern literature's first anti-heroes.

They are the goodies. The badies do well, too—Frank Vincent as Chief Weasel is particularly watchable. The production moves off slowly and shakily with the river bank scenes; but takes wing in the famous court scene, which is Milne's rather than Grahame's (Bob Hornery is a memorable comic hanging judge). The final battle to retake Toad Hall from the dreaded Weasels, Ferrets and Stoats had some kids literally running in the aisles.

David Conville directs with respect for a classic. I was glad to hear H. Fraser Simpson's original music with no attempt to "rock" it up. Literature appealing to children to join the "Save the Badger" movement is displayed in the foyers and bars. As a former Badger in a junior school production years ago, I made my contribution.

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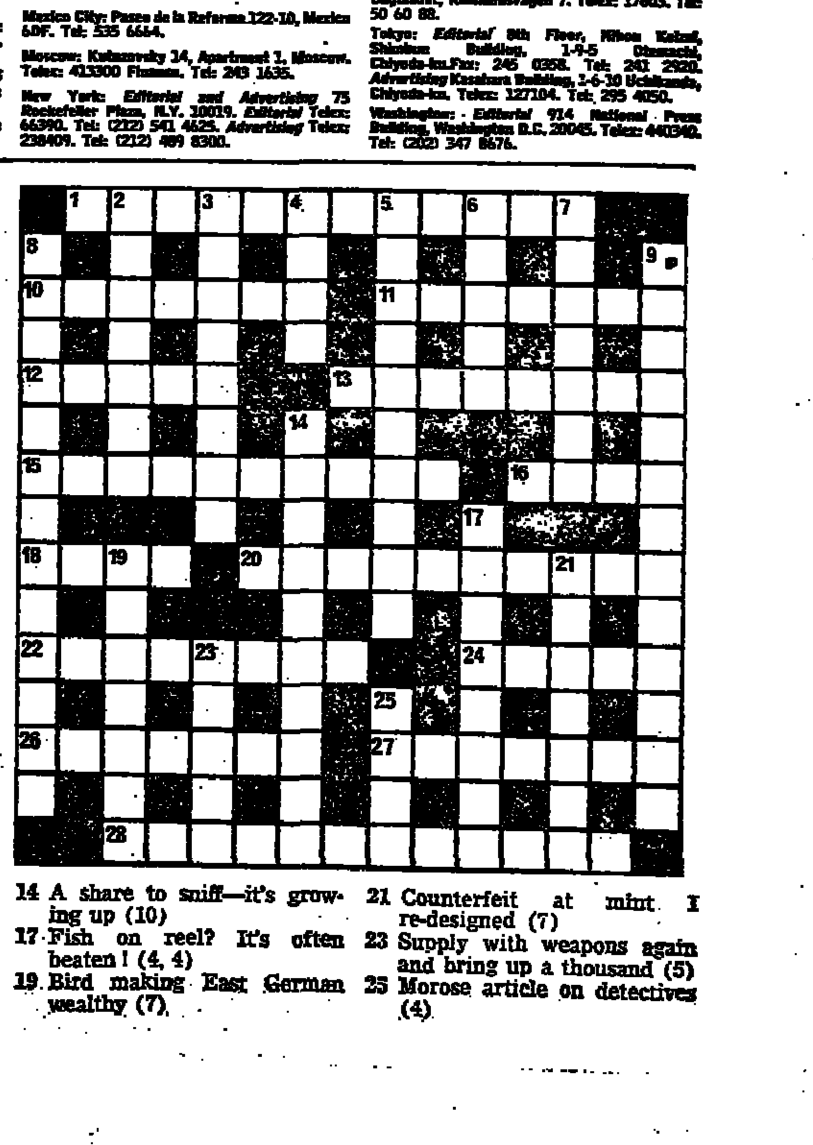


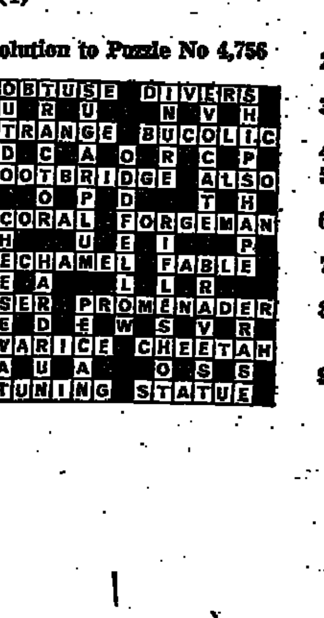
ACROSS

1 Double form of latten revealing undeveloped skill (6, 6)
10 Style to give a right to (7)
11 Provide drawings for an animated cartoon and make money (7)
12 A brief essay or article to me (5)
13 Whistle to stop a smoker partly (4-4)
15 Defendant is to take ill around the Atlantic (10)
16 Raise the game and win (4)
18 Curse a sudden misfortune (4)
20 Containing explanation of external show in front of antenna it's said (10)
22 Hard-headed person taking marijuana and American sedges (3-5)
24 Arm supporter with a missile projector (5)
26 Become rusty from animal I'd consumed (7)
27 Vehicle caught fool in body (7)
28 Short and broad, but incapable of re-assembly (6-6)

DOWN

2 Female performer and airman with a lock (7)
3 Wrongly enter drug in warehouse (8)
4 Meet up in downpour? (4)
5 Dexterity, according to right French point (10)
6 Artfully avoid woman holding notice (5)
7 Prickly emblem of the north (7)
8 Warm up with gas, bird's on, but it's mechanically over-ingenious (5-8)
9 Skin specialist digs metal root out (13)
14 A share to sniff—it's growing up (10)
17 Fish on reel? It's often beaten! (4, 4)
19 Bird making East German wealthy (7)
21 Counterfeit at mint I re-designed (7)
23 Supply with weapons again and bring up a thousand (5)
25 Morose article on detectives (4)

Solution to Puzzle No 4,756



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Sick patient, no cure

AT FIRST SIGHT there is some superficial encouragement in the latest Economic Outlook published by the OECD. The fading away of the second oil price shock, the end of a period of destocking, and buoyant demand in countries outside the OECD will all contribute to delayed recovery of economic growth. After zero growth in the second half of the year just ending, the GNP of all OECD countries is expected to show an annual rate of expansion of ¾ per cent in the first half of next year and 3¼ per cent in the second.

Even if these predictions hold up—and the OECD has a tendency towards optimism—the growth will not be sufficient *to dent the steadily mounting* problem of unemployment. The OECD reckons that 10 per cent of the European workforce will be jobless at the end of 1982, while in the OECD countries as a whole unemployment will level out at 28¼m people—2¼m *more than the prediction* six months ago. Meanwhile inflation will decline marginally over the next 18 months, dropping 1 per cent to an OECD average of 9¼ per cent.

Disquieting

These are disquieting figures and have become steadily more disquieting over the last 18 months. Yet the most depressing aspect of the latest report is the *virtual absence of all economic* prescription. Conditions are in some ways grimmer today than they were in the mid-1970s. Yet where the outlook of that time featured firm demands for co-ordination between countries and a plan of economic action, today's report contains limp equivocation, obscure language and vague suggestions.

The report notes that "real interest rates are still generally *high in most countries, a virtu*ally unprecedented situation, especially with the OECD economy in recession." On fiscal policies it asserts that "the situ*ation is a superficially para*doxical one in which observed budget deficits are large, sufficiently so as to call forth unfavourable comment, yet when the effect of recession itself and the effect of inflation on debt servicing are subtracted, fiscal policy is found to be restrictive of demand."

So economic policy is described as tight, but in analysing the impact of that policy the *OECD complains* that "it is never possible to be certain what effect policy has had because it is impossible to know what the course of the economy would have been had policy been otherwise." On the effect of those high interest rates the OECD ventures the opinion that "because the experience is novel the effects are unknowable in advance."

Criticism

Reading between the lines the reader may detect calls for fiscal expansion and a co-ordinated reduction in interest rates struggling to get out. There is also a thinly veiled criticism of monetarism: "So far, at least, the record lends little support to the notion that tight monetary policy can reduce in*flation without a significant* deflation of demand and output."

The OECD's unwillingness to be explicity critical or prescriptive must, to some extent, be symptomatic of the times. It was in June 1981 that the OECD *ministerial meeting first failed* to hammer out a joint line on economic policy. France and the U.S. are now carrying out diametrically opposed economic experiments, and in other developed countries the commitment to fight inflation is giving *way to a confused economic* agnosticism.

The effect of these divergences among the membership can only be reinforced by the sense of demoralisation and lack of leadership within the OECD itself as the need to decide upon a replacement for the present secretary general, Mr Emile van Lennep, draws closer.

Zeal

In this latest report the OECD emerges as little more than an economic forecasting institute. In 1960 the OECD was created out of a zeal for co-operation in economic strategy. It was *charged in its convention with* achieving "the highest sustainable economic growth and employment, and a rising standard of living in member countries."

*The need for economic co*ordination and guidance is much greater today than it was then, yet the OECD is apparently much less able to provide them. Must it become another symptom of the current malaise, or can it yet reassert itself as an antidote?

Time to boost North Sea oil

BRITAIN has emerged as a maor force on the world oil scene. The country's North Sea production has now reached 1.9m barrels a day—more than the output of Indonesia, Kuwait or the United Arab Emirates.

The UK is the world's single largest supplier of light, premium quality crudes—a position which has helped to temper the pricing aspirations of African producers.

But these achievements present the UK Government with some urgent decisions. Autput is nearing its peak and Mr Nigel Lawson, Energy Secretary, has to find ways of ensuring that Britain remains an important oil nation for as long as possible.

Doubtful

The resources — the amount of oil thought to be available on the UK Continental Shelf — should be sufficient to maintain output at around the present level until at least the turn of the century. Given projections of *low energy growth the coun*try thus has it in its power to remain self-sufficient in fuels for the next 20 years or so.

The oil industry, however, is *doubtful whether exploration* and development activity is moving ahead fast enough to achieve these aims. The momentum of the early 1970s has been lost, hindered by uncertainties over licensing policies, constant changes in the taxation structure and doubts about Government depletion plans.

Mr Lawson and his Cabinet colleagues will have ample opportunity in 1982 to put this right. The time is ripe for another round of exploration licences. There is plenty of scope for issuing new concessions in proven oil production areas (such as the northern part of the North Sea) as well as speculative exploration acre*age in frontier areas close to* the margins of the Continental Shelf. One option for the Government *is the introduction* of special, softer licence conditions to encourage drilling in the more remote areas.

The gas producing areas of the *North Sea — essentially* those in the southern sector — should be more attractive to licence seekers now that the Government has stated its intention to end British Gas Corporation's monopoly rights over the *supply of natural gas.* Producers can now expect greater reward for finding gas fields.

Changes in the complex North Sea taxation system, expected in *the Chancellors' spring Budget*, are also long overdue. What is needed is a simpler tax structure which promises stability even in the face of radically changing oil prices.

The present system is too cumbersome, comprising as it does *royalties, Supplementary Petro*leum Duty, Petroleum Revenue Tax, and Corporation Tax. The repeated changes in taxes — seven in the past 18 months — have been the cause of uncertainties and delays. The Government has the oppor*tunity in the coming year either* to overhaul the tax structure—as proposed this week by the Institute for Fiscal Studies — or to adopt less radical changes as put forward by the oil industry itself. In either case, it has the option of leaving the *overall level of taxation* unchanged.

The Chancellor will need to make sure that any new taxation system encourages the oil companies to develop small discoveries and the extensions of existing commercial fields. It is on these fields that the UK will have to rely increasingly for future production.

Stable

The average size of the first 25 commercial fields in the North Sea is 447m barrels. The following 11 fields, now due for development, contain an average of only 91m barrels. The *next bacth of 37 potentially* commercial fields is thought to hold recoverable reserves aver*aging only 62m barrels.*

A more attractive, stable tax regime will not be enough to recapture lost momentum. The Energy Department needs to clarify what its oil depletion policy is. So far the Government has said only that its depletion policies will be flexible.

What the industry wants, and deserves, is an assurance about future production levels. If the country is to remain self-sufficient in oil over the next *20 years, the industry requires* encouragement rather than brakes applied to its exploration and development effort.

POLAND'S DEBT

Why the banks are worried

By Peter Montagnon, Euromarkets Correspondent

AS LITTLE as three weeks ago 501 banks from around the world were looking forward to what promised to be an historic occasion in the week after Christmas.

They were scheduled to sign an agreement with Poland allowing it to defer for seven years repayment of some $2.4bn in debts falling due in the final three quarters of this year. The agreement was billed as a *triumph of good sense* in the international banking community.

Not only would it have put Poland's debt problems on an orderly footing; it was also slated to be the largest sovereign debt rescheduling ever, signed by the largest number of international banks held together at the cost of considerable effort by a task force of 21 international banks that have been spearheading negotiations with Poland since April.

Now these hopes have been dashed in the aftermath of the military takeover in Poland on December 13. At best, bankers say, signing of the agreement will be delayed well into the new year. At worst, a large question mark hangs over its whole future.

Meanwhile, bankers most closely involved are taking *home some awkward questions* to ponder over the Christmas holidays. What would happen financially if the Soviet Union did decide on direct military intervention? How far is the Western banking system really at risk in Poland? And what *if anything can Western govern*ments do to help sort out the mess?

There is no easy answer to any of these questions. The political situation in Poland remains volatile and unpredictable and banks are hampered in their efforts to assess the situation because communication links with Polish debt negotiators in Warsaw remain severed.

But it is clear, many bankers argue, that Poland's financial problems would be made worse rather than better in the short run by any Soviet invasion because of economic sanctions likely to be imposed by Western governments.

And most admit that the problems are bad enough already following the military takover by General Wojciech Jaruzelski. In the days *immediately following the take*over most banks were still clinging to the notion that Poland would abide by the conditions laid down for the rescheduling, *including the payment of some* $450m in overdue interest payments.

But in the middle of last week 22 banks received a telex from the London branch of Bank Handlowy, Poland's foreign trade bank, asking for *bridging finance of $350m with*out which the interest bill could not be met in time.

Leading German and U.S. banks quickly said they would refuse the request and suggested it was up to the Soviet Union to find the necessary money. If it does not, ways will have to be sought to salvage the rescheduling agreement.

For most of the banks *involved still view a reschedul*ing agreement as being of the utmost importance. Poland has not been making repayments of principal since March 26 and without a formal rescheduling agreement the risks of formal default are heightened.

This would increase the pressure on banks to write off, or at least make loan-loss provisions against all or part of their exposure to Poland, an issue so sensitive that most banks and bank supervisory authorities in the countries *concerned are unwilling* to discuss it at all.

"This," says one banker closely involved with Poland, "is the first rescheduling ever in which the banks involved have refused to reveal even to each other how much each has at stake."

The few figures that have emerged are mainly guesstimates providing little more than a broad indication of the amounts of money involved. Poland has about $26bn in debt outstanding to the West of which some $10bn is effectively owed to Western governments *and $16bn to Western banks.*

Figures provided by Bank Handlowy in April (see chart) show that the biggest creditor banks are in Germany followed by the U.S., France, UK, Japan and Austria—but even these *are open to dispute. The office* of the U.S. Comptroller of the Currency reckons, rather to the surprise of bankers in Europe, that U.S. banking exposure to Poland is only $1.2bn, way below the Bank Handlowy estimate.

Estimates for individual banks have been published in Germany, but never confirmed by all the banks involved. The largest lenders are said to be the trade union-owned Bank fuer Gemeinwirtschaft with DM 700m outstanding, followed by *Commerzbank* with DM 600m, while Dresdner Bank has around DM 400m and Deutsche Bank between DM 360m and DM 450m owing.

For U.S. banks estimates by the Wall Street investment house Bache put the largest burden on Bank of America with $100m-$150m followed by Citicorp, Chase Manhattan, Manufacturers Hanover and Morgan Guaranty with $75m-*$100m.*

No one knows for sure at the moment whether it will become necessary for banks such as these to write off their Polish exposure. If there is no rescheduling agreement — and many bankers still believe there will be one—the international banking community would be entering wholly uncharted waters.

Never before will such a large amount of sovereign debt have been so manifestly exposed to formal default. Worse still, the Poles could declare a unilateral moratorium on debt repayments.

But there is a growing feel*ing among international bankers* that even in this worst case scenario the losses could be absorbed although this would produce serious strains at some banks.

"With some of the banks with huge exposures it would be very *visible*, but it wouldn't wipe them out," said one banker.

"If the figures (on individual expsure) are right," said another, "then I don't see why any of the German banks should get into trouble." He pointed out that Bank fuer Gemeinwirtschaft still has capital and reserves of DM 1.7bn, more than double its estimated exposure.

And, says Mr George Salem, *a stock analyst at Bache "U.S.* bank exposure to Poland is well spread over 63 banks. Only a few U.S. banks hafe what might be termed material exposure relative to earnings and capital."

Another analyst, Mr Rotald Mandle of Mitchell Hutchins, estimates that a complete write-off by Bank of America of all its Polish exposure would re*duce its expected first quarter* 1982 earnings by only 50 cents a share to $3.25.

Moreover, there seems to be every likelihood that central banks around the world would step in with liquidity to help any banks in trouble. Sone might also need *fresh injections* of capital which would be more complex but at least any crisis that develops now will not have come without warning.

There are however, two othr questions hanging over Polands debts if the rescheduling fails. First, what would happen to Poland itself, and second could *the economic crisis be contained* to Poland alone?

All observers of the Polish economy agree that the country needs injections of fresh money *to restore its output to normal* levels. Quite simply, imports of spare parts and semi-finished materials are crucial if factories are to continue to operate, and *these imports* have to be paid for.

The Poles have already indicated to Western banks that they hope for some fresh money to meet these bills, but it is clear that no fresh money will be *forthcoming* from banks without a formal rescheduling agreement.

Nor are Western governments likely to help. For the past several weeks they have been turning down Polish requests for new finance and they, too, are deeply involved in their own, separate rescheduling talks with Poland. Fifteen leading creditor governments agreed in Paris in April to reschedule about $2.5bn of government debts due this year over an eight-year period.

Next year Poland is estimated to have a repayment bill to Western governments of some $3bn, excluding interest, and talks on these loans were started in Paris last month.

They are due to resume next month, but Western governments must, in the wake of the military crackdown, have real doubts about whether they should be providing further aid to the present Polish regime. Whatever their political position, Western governments have in any case made it clear to Poland that *a precondition for* rescheduling 1982 maturities is a satisfactory agreement with commercial banks for 1981.

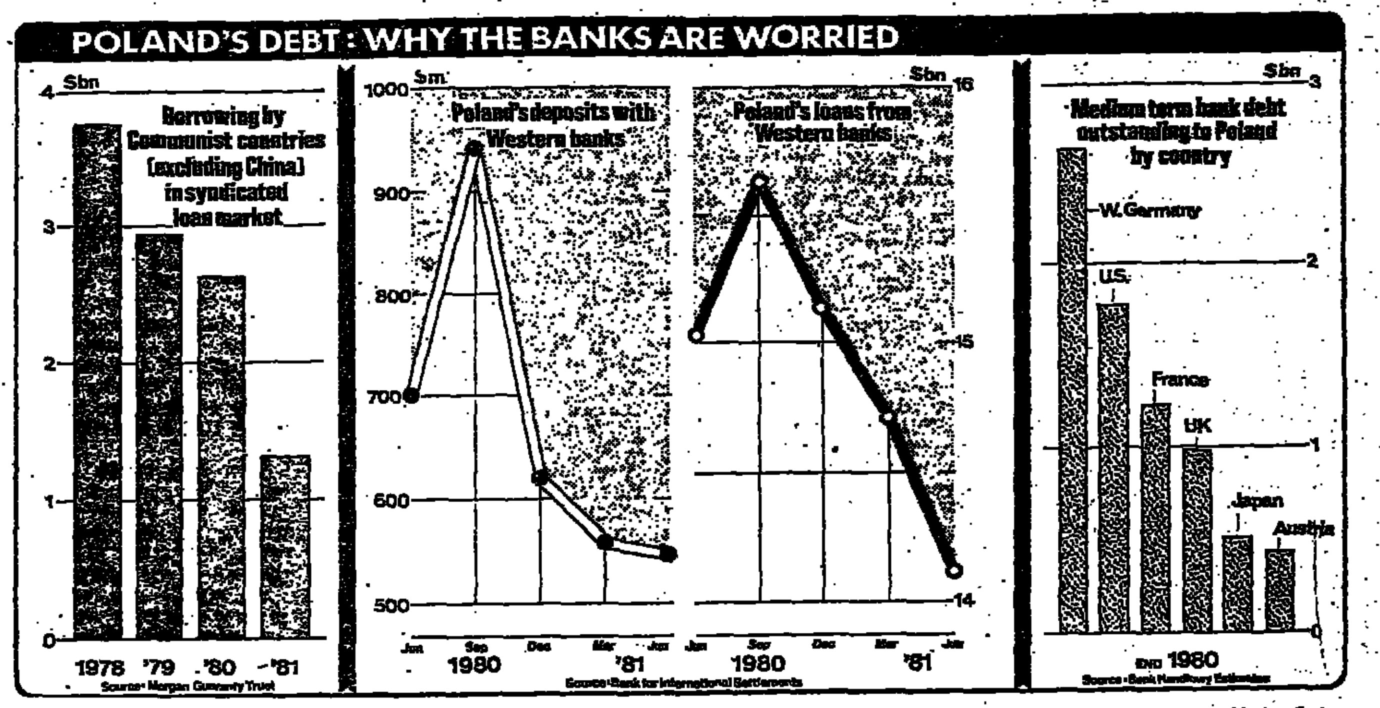
The prospect of fresh money *for Poland's ailing economy* thus seems remote as long as there is no rescheduling of commercial bank debt. This makes the prospects of economic recovery also remote, even setting aside the impact of political developments on domestic production levels and Western creditor nation attitudes.

Worse still, many bankers fear that the Polish debt crisis may have engendered a lasting crisis of confidence on lending to Eastern Europe as a whole. Already Romania has seen its short-term credit lines from Western banks severed at the *first sign of trouble and Yugo*slavia has found it well-nigh impossible to arrange a $400m Eurocredit to bridge its balance of payments gap.

The chart shows how difficult it has become for these countries to obtain finance on the syndicated credit market since the Polish problem came to a head, and in a recent speech in Bonn, Mr Gordon Richardson, Governor of the Bank of England, warned about the consequences of a chain reaction.

"A *widespread* difficulty could arise if a failure to agree on a rescheduling were to lead to a default or moratorium which caused banks to react defensively towards other indebted countries . . . Banks do not withdraw support from a range of companies merely because one of them is in difficulty, nor should they do so from a range of countries, just because one of them may be forced to reschedule."

Indeed, one of the more last*ing effects of the Polish debt* problem could well be macro-economic in character. "Banks will become more cautious about all international lending," said one banker, "and the effect of that on the world is going to be deflationary."



Marion Sedgr.

WHAT HAPPENS WHEN A COUNTRY CANNOT PAY

POLAND stopped paying off its debts to Western banks when it ran out of foreign exchange on March 26 and yet not one bank so far has declared it to be in default.

This apparent paradox *shows just how far the con*cept of default in international lending is shrouded in mystery and a point of controversy even among expert lawyers and accountants.

But a key point to remember is that it is up to lenders to declare default and they do not have to just because a borrower has stopped paying his bills.

That simply gives them the right to declare default if they want. Cross default *clauses in international loan* agreements give other lenders the right to do the same once one lender has broken ranks.

Declaring a loan to be in default involves a demand for immediate repayment in full. In Poland's case that is pointless at this stage because the country cannot pay. Nor has it sufficient assets abroad for banks to attach and hold against their loans.

The only result of such action would be a forceful *demonstration of the fact that* Poland cannot pay its debts now. As a result, banks could become compelled to write off their Polish debts at a time when many still believe that there is a prospect of being repaid in the future.

Throughout the debt crisis they have preferred a more productive approach of trying to set a new schedule for repayment which Poland can actually meet. But the ques*tion, as yet unanswered,* is how long their auditors and official bank regulatory bodies will allow them to continue this line without making at least some provision against the possibility of losses becoming inevitable.

Men & Matters

A quizzical glance at 1981

Put out the cat, pull up a chair, pour out a glass of blushful Hippocrene, and drive yourself seasonally barmy with this year's Christmas quiz. All questions are guaranteed legal, decent, honest and truthful. All *information necessary for full* and correct answers has appeared in this column over the past 12 months, in some shape or form.

By way of incentive, we have on offer a bottle of decent brandy and a desk-enhancing *luxuriously leatherbound Finan*cial Times diary — for 1982, of course. The first all-correct entry plucked out of the hat will get both. If nobody gets it all right, one prize apiece to the two nearest misses. Entries, please, by January 6. Go to it.

Hot air

1—"This young woman has a strong personality. I doubt whether she will fit in here." Where, and who?

2—*Who began a major economic* policy speech early this year with the words "Let us act together"?

3—"A shrewd politician, bordering on craftiness. When he lit his pipe and let his eyes wander across the assembled *people, you felt the game was* just starting." Two Prime Ministers — one the subject, *one the author.* Who?

4—Why might Sir Geoffrey Howe think that "the road goes ever on and on, Down from the door where it began"?

5—What was described in Oldham as "a riveting cross between the Marx Brothers' 'A Night at the Opera' and Barbara Castle's Diaries?"

6—Where are national insurance *contributions being lowered for* the second time because unemployment remains obstinately below expectations?

7—Who campaigned for badgers to be given key cabinet posts, and votes for pets?

8—where are creeps allowed in, but pups and jackasses banned?

9—Why should the largest all-party *alliance at Westminster* have no trouble making itself understood?

10—"If it was connected with the CIA, £50,000 would be grossly underpaying." Who is discussing his putative salary? And why the CIA reference?

11—The Social Democrats won Crosby—but where else did they triumph on the same day?

Hot money

1—Which bank found itself rechristened "rice extraordinary orchid treasure house"?

2—And which other bank is *familiarly known* as the "Home for Scottish Bank Clerks"?

3—Who, in the City at least, is Goldfinger?

4—Where did a Hilton vanish in October?

5—Which magazine changed hands in spring for, according to its vendor, the sum of £500m?

6—What do pop group Pink *Floyd and the Bank of England* have in common?

7—What — roughly — is "Big Rube and the double-barrelled two-step"?

8—"He said 'Well * * * * says he can do whatever he likes, and if he said I'm on the Board, I shall go on the Board.' So it was rather a difficult luncheon, as I'm sure you will appreciate. I said 'What are the sort of bases (on which) you are going on the Board? I mean, what has allegedly been talked about? What is this?' He *said*, 'Well I am going to get five thousand a year, plus a car, plus a pension scheme, plus expenses for my wife, who is my secretary, and one thing and another.' That was about it, I think. I said 'Well I'm sorry' . . . so I left it there in *the end.*" A *Department of* Trade report. Which company?

9—As what is "The Great Eastern Radio Company" better known?

10—*Who has seen employment* with both Dusty Springfield and S. G. Warburg?

11—*Where might you go to* find "sweating assets?" Or "hands-on" management?

Hotch-potch

1—Who got legless in Egypt?

2—Which of Collins's best-selling authors has ever claimed selling authors has never claimed a penny in royalties?

3—Who rode an elephant through Mayfair — and parked *it at a meter, having first in*serted a shilling?

4—What, according to the BBC, was better value for money than a portion of fish and chips, but not such a snip as a pair of Wellington boots?

5—Where would you go to *pick up a box of glass eyes*, a bag of human bones, and an ice-hockey kit?

6—*What might surprise you* if you were to meet the Bobajiro of Ede?

7—What brings the Mafia together with the Moonies and Pickle-Packers International?

8—Which national anthem was described by its composer as "one of my old bits of twaddle"?

9—Who is the landlord of Dartmoor prison—and for that matter, the Oval cricket ground?

10—How did the Royal family come to raise house prices by *an average £35 apiece?*

11—What tip did Joseph Granville have for the morning of April 4?

"If we don't follow suit we could be 'Going, going, gone!'"

Pushing the boat out

An anonymous charitable trust has offered £400,000 to pay for *a new lifeboat to replace the* Penlee vessel wrecked at the weekend, the Royal National *Lifeboat Institution* announced yesterday.

The donation topped another remarkable day of voluntary fund-raising since the Penlee disaster.

In the City, the Stock Exchange fund for dependants of the *Solomon Browne's crew* reached £3,500—with more expected before closing today. The same amount had been raised among the money market men for dependants and for *the RNLI's* pension fund.

As in the City, throughout the rest of the country hundreds of individuals and companies joined in the sympathetic and generous response

Apart from cash donations and pledges, the RNLI was offered a variety of personal possessions for auction—including a Ferrari car and a collection of paintings.

A cheque for £2,000 will be sent to each bereaved family today.

Observer

UK CHRISTMAS SPENDING

Then the weather intervened . . .

By David Churchill, Consumer Affairs Correspondent

THE TILLS in shops throughout Britain has been ringing merrily this week—in spite of the weather—as shoppers indulge in a last minute frenzy of pre-Christmas spending.

"Terrific" is how Mr Roy Stephens of Selfridges in London described the level of trade yesterday—sales on Monday were 55.5 per cent up in value on the same day last year—while other large stores, such as Rackhams in Birmingham, said the weekend trade was "fantastic."

Yet the atmosphere of almost panic-buying in some shops this week cannot mask the clear fact that the overall level of trade this December will be significantly below last year—and that was far from healthy.

Even so, Christmas shopping in 1981 is not all gloom for everyone. Surprisingly, shops in recession-hit parts of the country — especially Scotland and the North—report that sales of luxury items such as videos and foreign holidays are doing well. The North East Retail Co-operative Society, for example, says that bookings for overseas holidays are running about a quarter above last year's levels. The high level of redundancy payments is the chief reason for this anomaly.

The Retail Consortium and others suggest that volume sales this Christmas (sales value adjusted for inflation) may be down by about 5 per cent overall in spite of the late sales surge. The index of volume sales, published by the Department of Trade, is therefore likely to fall by about 1 to 1.5 percentage points this December. Last year the fall was 0.7 percentage points.

Like many other chains the Argos discount stores group had been doing quite nicely in early December, with sales up by over a quarter in value terms, before the severe wintry weather hit its 116 shops. Sales plummetted by some 21 per cent.

Mr Tom McAuliffe, Argos' chief executive, said yesterday that "after that appalling week, we made up some lost ground in the latter part of last week when some of our stores—particularly in London—did very well."

But he adds that "in order to recoup the kind of business already lost by the arctic conditions we need more than three good days of trading."

Retailers are in no doubt that the reason for the generally flat level of sales in most of 1981 is that real earnings are being squeezed by higher interest rates—especially for mortgages and bank overdrafts — as well as higher than a expected level of inflation.

Many retailers have been surprised how buoyant spending has remained in the face of rising unemployment. Over the first 10 months of 1981 the average level of trade was about 2 per cent higher than in the corresponding period in 1980, although sales have grown slowly in the past six months.

In any case, whatever happens throughout the rest of the year, most retailers still depend on the Christmas period for a sizeable proportion of their sales and profits. For example, the W. H. Smith group earned all but £817,000 of its annual pre-tax profits of £16.13m in the last four months of its financial year which ended on January 31.

Until the weather intervened there were some signs that Christmas this year might not be too bad. Mr Roy Burgess, managing director of British Home Stores, says that the pre-Christmas trend was clearly apparent in early December. "Sales have been running according to plan and have been quite reasonable considering the weather,'" he says. "But let's not kid ourselves that the retail sector is booming at present."

Mr Burgess's "plan" about Christmas shopping this year was based on the premise that it was bound to be late. "With Christmas on a Friday, we realised that it would not be until the last few days that people really woke up to the fact," he points out.

While traditional Christmas gifts such as china do not appear to be doing so well, there is no stopping the boom that has existed all year in video tape recorders and colour televisions.

Although retailers are not at their most realistic in the days before Christmas, most are privately still very worried by the scant signs of any consumer recovery emerging in 1982. "I don't see things improving after Christmas," says Mr McAuliffe of Argos. "The first few months of next year are going to be bad in spite of all those massive post-Christmas sales."

The Christmas lights in London's Regent Street (left) and buying electronic games in Selfridges.

'We are having a wonderful Christmas'

By Lucia van der Post

THE BRITISH retailer is not a loquacious breed. This week he was displaying all his customary phlegm. In the face of restricted train services, filthy weather and one of the most severe recessions the retail trade has ever known, he greets the most crucial week of his year with all the "show-must-go-on" spirit that traditionally belongs to show business. Talk to him and you wouldn't know there was a thing wrong with his world. Comment on how he is doing range from the unrevealing "Quite satisfactory. Good sales across the board" from a spokesman at British Home Stores to a euphoric "We're having a marvellous Christmas" from Liberty.

A trip round the stores themselves tells another story. In Woolworths the grisly pile of flourescent-coloured "Kute Kittens" and "Fuzzy Puppies" (tissues-box covers at £1.99) has not diminished all week. There are crowds round the decorations and record counters and confectionery seems to be going a treat but even in this, the last run-up to Christmas, business does not look to be very brisk.

At British Home Stores one is greeted by an ocean of colourless merchandise — nothing seems to "speak" to me and though somewhere I am sure there is nestling an amazing bargain, somehow I can't seem to find it. The crowds are there, though not in the limb-crushing numbers of yester-year, but they all seem to be suffering from the kind of dazed amnesia that is afflicting me. What to buy, for whom? The desperation is there, but not the merchandise.

At Liberty, it is true, they do seem to have got it right. Ten pounds they have discovered is the magic figure—anything below that figure is selling as if there is no tomorrow. The catalogue this year featured something like 600 items (out of a total of 750) that were under that figure and sales by mail order alone are 650 per cent up on last year. Portuguese bath-mats at £4.95, striped silk Liberty ties at £8.50 a time (over 12,000 sold since the first of the month) and Japanese lacquered trays will be spilling out of packages in homes throughout the land come Christmas morn. The shawl (selling at the rate of 7,000 a week) and the Navajo belt (originals at well over £100 are going as soon as they come in) are the accessory of the year

For those who shop at Simpson of Piccadilly Christmas morning should be interesting—silk G-strings at £7 a time (I hope the central heating is up to scratch) are doing their traditional "walking - out - of - the - store" act, while for men it is fancy slim-line bow ties at £11.50 a go that are all the rage.

Down in Sloane Ranger country it is hard to tell how things really are. The husbands are out in force, with that familiar frantic air, waving their hands to the assistants in the lingerie departments to indicate size and shape and looking as if a great weight has been removed from their shoulders when they come away bearing the magic package.

At Harvey Nichols the present of the year is . . . champagne-flavoured toothpaste. Buyers of the 6,000 plus tubes already sold are clearly optimists—ever hopeful of the effects of 10 per cent champagne. If it's not the toothpaste they're buying, it's the Gin bubble bath. And if they're off alcohol, it's anything that sparkles or gleams that seems to catch the eye, whether it be a shawl with lurex thread running through it or glittery jewellery.

At Harrods, it is needless to say, packed to the gills but how many have come to look—lured by the lights, the warmth, the new cocktail bar, the aesthetic pleasures of the food halls—and how many to shop, it is hard to say. Certainly 10,000 copies of the Kensington Game have been sold, artificial pearls are going by the stringful and anything with "Harrods" on it (from soap to chocolate shaped like a record) seems to have the cachet the Harrods shopper wants. In official speakese, "We're having a wonderful Christmas."

Lombard

Horse sense and economics

By W. L. Luetkens

AFTER Ricardo, Keynes and Milton Friedman we have a new economic wizard: nothing more than popular intuition. Call it irrational, if you will, or merely horse sense but here are the facts.

Professor Elisabeth Noelle-Neumann, head of one of the leading German public opinion institutes at Allensbach, has set them out in an article in the Frankfurter Allgemeine Zeitung. If you plot the annual growth or contraction rates of the German economy on a graph which also shows the popular mood, you find a remarkable correlation. Nothing surprising, you might think, but for the fact that the mood is tested in advance: the graph matches economic performance year by year against answers to a poll conducted in December of the previous year.

Mood

People are asked whether they look forward to the coming year hopefully, anxiously, sceptically or with no firm view. Note that the question is not specifically directed at economic expectations. It merely asks how people feel about the coming year in general. Mood is measured simply by taking the proportion of those who have good hopes, and the result is published on the institute's New Year greeting cards.

The correlation between mood and subsequent economic performance was first investigated in 1979. Subsequently Dr Gerhard Kirchgaessner of the Zurich Economic Research Institute took up the matter in greater detail. He compared the accuracy of the Allensbach test with the success of more sophisticated academic methods.

Dr Kirchgaessner found that Allensbach handsomely beat the forecasts which the economic forecasters regularly publish a few weeks before Allensbach takes the temperature in December. The economists only caught up with Allensbach some three months into the next year. Dr Kirchgaessner even developed a scale by analysing results going back as far as 1958. On it, a 40 per cent share of hopefuls in Allensbach's sample appears to point to zero growth. If their share rises to 60 per cent, it points to growth in the 5 to 7 per cent range. Simple, you might think: if people feel hopeful they spend money and fuel the economic process.

Not so, says Professor Noelle-Neumann. Even on those occasions when they were in the dumps during December, German consumers told the pollsters that they did not intend to tighten their belts. They did not voice the intention to reduce their consumer spending until several months later.

Contraction

Look at recent results. Late in December 1980 the Bonn Government with massed economists to advise it forecast economic growth of 0.5 per cent for this year. A few weeks earlier most of the research institutes plumped for slow growth. But on the Kirchgaessner scale the Allensbach poll pointed to a contraction of 0.56 per cent in 1981 and that has turned out to be just about right.

Ominously Allensbach's test this month produced only 32 per cent of hopefuls, which on the Kirchgaessner scale indicates economic contraction of 0.97 per cent in 1982—never mind the muted optimism of the economists.

Professor Noelle-Neumann concedes that she has no rational explanation for the functioning of her greetings card barometer. There, perhaps, lies the moral of her observations. Nobody denies that we need the best tools for economic forecasting and management. Leave us our array of M 1s, 2s, 3s and so forth. But economics is not an exact science. Not only do extraneous influences—the situation in Poland, for instance—change the economic fate of nations. So do the manifold unrational, not so say irrational factors that determine our conduct from day to day. Even the market is only an imperfect reflection of our hopes and fears.

The late Professor Ludwig Erhard, that most successful of West German Economics Ministers, used to hold that economic management above all required a good nose. Go out, sniff the air, and post a greetings card.

Letters to the Editor

European steel price measures—users' problems

From the Director, British Iron and Steel Consumers' Council

Sir,—Mr Koran (December 8) and Mr Powis (December 17) highlight the problems with which all steel users in the EEC are faced as a result of the European Commission's recent steel price measures.

Most steel users have been faced with increases in effective steel prices of 30 per cent or more in four months. In the present depressed state of their markets, they are unable to pass on such huge increases in full. Funds for investment in new products and plant will therefore be further reduced. (It has been reported that profits of capital goods industries, the main steel users, have fallen by 30 per cent in the last year.) Thus lasting damage will be done to the future competitiveness of steel users, who account for 15 times as much employment and exports as the producers. Why protect the producers in a way which damages their customers?,

Had the price increases been phased in more gradually, as we advocated, the ill-feeling which they have generated and the damage to users which they have caused would have been minimised and the producers' financial needs, which we recognise, would largely have been met. (There is still plenty of room to reduce European steel producers' costs by eliminating surplus capacity and other measures.) With our Continental colleagues we have now declared our opposition to any further increases in steel prices in 1982 after those of January.

We are also concerned at the way in which the Commission has presented us with a fait accompli and continued to misrepresent certain aspects of the situation — for example where we had pointed out that they had understated the significance of steel in some users' costs by as much as a factor of three.

As British users we regret that despite our representations, the Government's interventions with the Commission have so far been entirely in support of the mainly public sector producers, rather than the mainly private sector users. And how does it reconcile their support for 30-40 per cent increases in the price of the principal material used by half our manufacturing industry with giving priority to reducing inflation?

J. F. Safford.
16, Berwyn Road, Richmond, Surrey.

How many Universities have shut down?

From Mr D. Maclean

Sir,—May I have the opportunity to reply to some points made by Prof L. Rodger (December 16) in his attack on the cuts in university spending.

The comparison between places available at Scottish universities in October 1981 and in 1983/84 may be misleading, for the number of school-leavers may have fallen. More importantly, who is to say that the number of places available in 1981 was right in total or in distribution among the various faculties and in the various universities?

"The worst that we can do for our children is to deny them the opportunity to realise their full educational potential." Surely there are many worse things that we can do to our children, such as deny them love and affection. There must be many millions of adults who have never realised their full educational potential, but who are not necessarily the worse for it. I think this is an academic conceit.

Why are the cuts wrong in principle? Are universities to be immune from the economic facts of life? Having reached an all-time peak in salaries, numbers and affluence do those in the universities expect to stay near this peak?

Many, I venture to think, would dispute the implication that "the nation's seedcorn" is produced solely by the universities. Some is, but the whole educational system is involved in educating our future adults. Besides, as Michael Dixon (December 8) said, there is a need for change in the content of UK higher education.

If one was to compare the provisions at universities and the salaries of staff with a decade or a generation ago one would appreciate the priority given by successive governments to higher education. This relative affluence compares very favourably with many of the wealth-creating parts of the economy which are having a very hard time from international competition. How many universities have shut down? How many academics have been made redundant?

The Government has a good case for changing the universities to achieve a better match to the needs of the nation.

Douglas Maclean,
Oriana,
10, Grailands,
Bishop's Stortford,
Herts.

Site value rating as an option

From Mr H. Law

Sir,—The authors of the Green Paper "Alternatives to Domestic Rates" have undoubtedly, as your editorial (December 17) puts it, "been through the whole subject backwards several times over." It is remarkable, therefore, that the Green Paper contains not a single reference to one of the major options, that of site value rating. This is administered in much the same way as the present rating system, but the basis of the valuation is the current annual market value of the site alone. The valuation is based on the assumption that the site is developed to its maximum likely permitted use, but it disregards the value of buildings and other improvements, and the rate is payable whether the site is in use or not.

For householders, site value rating would eliminate one of the most serious objections to the present rating system, that it penalises improvements such as house extensions, garages, central heating or sub-division into flats. On the business and industrial side, site value rating would have a comparable effect, as buildings and plant would be effectively de-rated, and rents would tend to be lower and more competitive; site value rating discourages holding land and buildings out of use.

Henry Law.
8, Woodhouse Road,
Hove, Sussex

Make companies profitable

From Mr D Best

Sir,—Perhaps Samuel Brittan (Lombard, November 30) would like to consider another blinding truth which seems often to be ignored, namely that employers reduce their labour force because their profits are inadequate. For one reason or another companies are retaining too small a proportion of total production to sustain and develop their business, and in consequence the volume of production and employment is in decline. Looked at in this way it is not at all paradoxical that employment and real wages should fall together. The cost of labour is no doubt a factor in this decline, but there are others.

There seems no need to search for complex causes if a straightforward remedy is available. I have proposed that the Government can and should use direct measures to ensure that, on average, companies are able to retain a sufficient proportion of product to reverse the present trend. This may not put everything right, but it would get more people doing useful work,

D. Best,
Shanlis, 22 Anglesey Drive,
Poynton, Cheshire.

Why UK suppliers lose orders

From the Director General Institute of Marketing

Sir,—The Confederation of British Industry's appeal for trade Associations to urge their members to give domestic suppliers priority raises a number of very important issues. While I think it is true to say most British companies would prefer to purchase from UK suppliers, we must ask ourselves why they are increasingly switching their orders abroad and what can be done to reverse this trend?,

As a result of complaints I received about the difficulties which occurred when companies purchased from some British suppliers—for example, late delivery, poor after sales service—I commissioned a special survey on the experience of British industrial companies when buying from British suppliers. The result of the survey revealed that a "don't care" attitude is too frequently adopted by many companies to their existing and potential customers. There is also evidence that orders are taken regardless of a company's capacity to fulfil them. One buyer commented "some suppliers will tell you anything."

The general impression held by many buyers is that widespread apathy exists among many British companies towards the promotion and sale of their products. Buyers often report great difficulty in making contact with potential suppliers and are then met with indifference. Another typical comment was "UK industry does not try to sell its products."

One company with £45m in purchasing power has recently been forced to switch nearly 50 per cent of this abroad because of long delivery times and high prices. If this situation is not to be repeated on a national scale, with the consequence of increasing the already high level of unemployment, urgent action is needed to sharpen up the marketing and sales efforts of many industrial companies to meet the highly professional and aggressive competition from overseas.

While I believe that every British purchaser should consider home suppliers before looking to foreign competition, a great responsibility rests with British companies to do a really efficient job in marketing and selling their products. It is sad that, in these difficult times, British suppliers are losing valuable orders for reasons which, in many cases, it is totally within their power to correct.

Peter B. Blood,
Moor Hall, Cookham,
Maidenhead, Berkshire.

Liggett full year boosts Grand Met to £186.6m

A FULL year's contribution from Liggett has boosted sales and profits of Grand Metropolitan and despite much higher interest charges, of £90m against £60.8m, the taxable surplus expanded from £152.1m to £186.6m for the year ended September 30 1981. Sales went ahead to £3.22bn, compared with £2.58bn.

Pre-interest profits of £276.6m (£212.9m), included Liggett's contribution of £72.7m, on sales of £567.2m — the comparative figures of £22.4m and £154.9m were for four months only.

In the annual statement the directors explain that in view of the increasing proportion of profits arising from Liggett and other activities outside the UK, overseas profits have been translated into sterling at weighted average rate of exchange. Had the rates ruling at the end of September been used, as previously, group pre-tax figure would have been £201.7m.

A divisional analysis of sales and trading profits shows: brewing and retailing £744.3m (£671.4m) and £73.3m (£65.7m); hotels and catering £381.7m (£360.1m) and £18.4m (£27.3m); leisure £413.2m (£381.9m) and £28m (£28.7m); milk and foods £580.4m (£539.7m) and £36.4m (£32.6m); spirits and wines £525.5m (£474.6m) and £49.4m (£36.2m); Liggett £567.2m (£154.9m four months) and £72.7m (£22.4m four months); Intercontinental Hotels Corp. £8.9m sales and £1.4m profit for 20 days since acquisition on September 10. Oil and gas £3m loss for period.

Taking account of surpluses from a property and investment valuation of Intercontinental, (IHC) net assets attributable to the group, at the year end, were US$232m which will be included in the group's consolidated balance sheet.

The lease, management and franchise contracts of IHC, valued at the acquisition date at $276m, will be regarded as intangible assets for the purposes of calculating the figure for acquisition goodwill. This will amount to some £148m and will be charged to reserves.

After the year's tax charge of £45.2m (£29.7m), which included overseas figure of £26.3m (£12.6m), earnings per share are shown as 26.2p (23.3p). The dividend is stepped up to 7.425p (6.625p) net with a final payment of 4.25p.

Minority interests and preference dividends total £4.8m (£2.9m) leaving an attributable balance of £136.6m.

See Lex

Willaire set to meet forecast

A pre-tax profit of £6,000 is reported by Willaire Systems for the period to September 30 1981 and Mr S. P. Willison, the chairman, says the board considers that the prospectus forecast of at least £85,000 for the 15 months to March 31 1982 should be achieved.

The company's shares are traded on the Unlisted Securities Market and in the prospectus in July the board forecast that taxable profit would be in the range of £85,000 to £120,000 for the period ending March 1982. Its activities include the manufacture of environmental air conditioning, refrigeration, clean air, temperature and flow control products.

Mr Willison points out that since the group's reconstruction was only completed at the end of July and, as the nature of its operations have changed completely, it is not meaningful to provide comparisons with previous methods.

Turnover attributable to the reconstructed group amounted to £245,000 for the period under review and net profits came to £25,000. However, the companies disposed of at reconstruction made a loss of £19,000 and tax took £6,000 leaving a nil balance.

CHARTER TRUST

Net earnings for ordinary shareholders in The Charter Trust and Agency were little changed at £1.42m against £1.36m, equivalent to 3.5p (3.38p) per 25p unit, in the year to November 30 1981.

Total assets were £44.81m (£42.57m) with the attributable amount, after prior charges at par, equivalent to 106p (100.6p).

Total income was also static at £2.41m with gross investment income similar at £2.33m.

Tax took £733,994 (£756,069).

The final dividend is raised from 2.275p to 2.525p net for a total of 3.45p (3.2p).

FMC in the black at six months

AFTER INCURRING a pre-tax deficit of £1.21m in the second six months of 1980-81, against a profit of £1.91m, FMC, slaughterer and wholesale butcher, returned to the black in the first 24 weeks of the current year with taxable profits of £201,000, compared with £206,000.

However, it is pointed out that margins obtainable on fresh meat and meat products are still inadequate to meet the needs of the business. The outlook for meat wholesaling and meat products gives "cause for concern" over the remainder of the financial year and further rationalisation will be necessary.

Prospects for the bacon factories and trading in by-products are "somewhat brighter than a year ago."

Turnover for the 24 weeks to October 17 1981 edged ahead from £246.24m to £259.41m. The pre-tax surplus was after taking account of slightly higher interest charges of £1.3m (£1.27m).

Tax took £186,000 (£80,000) and after extraordinary debits and minorities of £58,000 (nil) the attributable balance emerged at £73,000 (£126,000).

● comment

FMC's consistently pedestrian performance — pre-tax profit margins have been less than 2 per cent for the past five years—indicates that even the independent shareholders can scarcely be looking for earnings growth. In a bovine way, FMC provides steady markets for its suppliers (who are indirectly its proprietors) and provides the major service of providing British meat products for British tables at competitive prices. That said, these results are pretty awful. Last year the group dropped into a loss due to decreased meat demand and hefty reorganisation costs. The results of the slimming operation have yet to come through, buried in part by a 23 per cent increase in stock prices. There is now brighter news on the pork side—consumption is going up and FMC's share of the market is increasing. Shares, unchanged at 56p, offer a prospective yield of 5 per cent, assuming the 2p dividend is maintained. Trading at a 64 per cent discount to net asset value, the shares are truly for those with a personal interest in the meat market.

Little change at midway by Scottish & Newcastle

PRE-TAX profits of Scottish and Newcastle Breweries showed little change in the six months to November 1 1981 with the result turning in at £19.1m, compared with £19.3m for the corresponding period.

Mr Peter Balfour, chairman, reports that beer volumes during the half year declined, mainly in traditional areas. However, margins improved and cost reductions had an increased effect. Group turnover pushed ahead from £277.3m to £306.9m, while operating profits showed a marginal improvement from £26.2m to £26.6m.

Pre-tax profits included unchanged financial income of £0.9m, but were after higher expenses of £8.4m (£7.8m). Tax took £7.1m (£4.1m) for net profits of £12m, against £15.2m, and earnings per 20p share of 4.1p compared with 5.3p. The net interim dividend is held at 1.5p; last year's final payment being 2.875p.

The cost of the interim payment was £4.2m (same) and £7.5m (£10.7m) was retained.

Results of the inns division were lower, says Mr Balfour, because of pressure on costs, particularly in the North East. Wines and spirits maintained earnings and there was also a good performance in the U.S.

Hotel profits also showed a substantial improvement and the chairman states that cost reduction benefits are continuing. In addition, better cash flow has allowed for a modest reduction in borrowings.

As regards outlook, Mr Balfour reports that the reduction of operating costs continues but trading conditions remain extremely difficult.

Reorganisation costs to date totalled £0.8m before tax relief. These will be dealt with as an extraordinary item at the year end, together with any further costs incurred in the remainder of the year.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Cronite	1.25	—	1.07	1.25	1.87
Grand Met.	4.25	Apr. 13	3.75	7.43	6.63
Scottish & N'castle int	1.5	Apr. 6	1.5	—	4.38
Trident TV	3	Apr. 2	2.74	4.26	4

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Petbow cuts loss and forecasts return to profits and dividends

Petbow, the generator and welding set manufacturer, cut its taxable loss from £552,000 to £82,000 for the half year to September 30 1981 and, although the interim dividend has again been passed, the directors reiterate their forecast at the last AGM that the company will return to overall profits and the dividend list by the end of the current year. No final was paid last year.

First-half group turnover rose from £6.8m to £12.15m, with direct UK exports accounting for £9.95m (£3.97m). There was a tax charge this time of £25,000 (nil) leaving the net deficit at £107,000 (£552,000) and the loss per 10p share at 1.21p (4.54p).

The directors explain that the increase in turnover represents a continuation of the improved orders and production reported at the end of last year. Sales margins are tight but the company's new Powercenter range is having a considerable effect on overseas markets and indications are that there will be a marked increase in the group's share of UK exports during the current year.

The home market is still depressed and shows no immediate sign of growth. However, the order book for generating sets is now at a satisfactory level and, with margins increasing, this improvement should be reflected in second half results.

Although the recent order inflow in France and Singapore is encouraging, the directors report that sales have not been up to budget and they anticipate that it will take longer than expected before these subsidiaries move into profit.

PH Electronics is in profit and progress in seeking new markets for products has been made, although these territories will not provide large sales for 1981-82.

With the sharp increase in group trading, working capital and consequently borrowings have arisen as anticipated. However, the increase has been tempered by careful control of stocks which are substantially down from the levels at the end of last year.

The directors forecast that the group will be able to operate well within its facilities for the remainder of the current year.

Trading conditions are still difficult, especially in overseas markets. Nevertheless, first half results are encouraging and with improved margins and tight control of overhead costs the directors expect the company to trade profitably overall for 1981-82.

● comment

Petbow has still some ground to cover before its long-awaited return to profitability and the dividend list, although the going seems to be getting a bit easier. The company claims a technical lead for its present range of generator sets, introduced last year, and is beginning to get repeat orders. Thanks to the softening of sterling since the first units were shipped—at an exchange rate of $2.39—export margins are improving; though without getting near the pre-interest 14 per cent which Petbow could exact in the palmy days of 1978. There should be more margin improvement with rising volumes—plenty of extra capacity still exists—and profits ought to begin flowing from Petbows's cultivation of the Far Eastern market. Increased working capital needs are inevitable when output rises by nearly 80 per cent, but gearing is still comfortably in hand at about 22 per cent. Up 2p to 69p—nearly 70 per cent higher than the price 12 months ago—the shares have been discounting recovery quite fully for some months.

Hesketh deficit increases

CONTINUING commissioning costs are stated to be behind the increased first half deficit from Hesketh Motorcycles, designers of high performance "superbikes." The taxable result showed losses increased from £83,386 to £623,000.

The figures reflect continuing commissioning costs and the non-recovery of overhead expenditure, say the directors. The costs are due to delays which were referred to in the chairman's statement in September.

Losses per share are shown as decreasing from 35p to 21.8p. There was again no tax charge, and no dividend payment (same).

The interim figures, say the directors, include provision for stock obsolescence and modification arising from the correction of transmission problems.

The engineering improvements to the transmission and the subsequent testing have been completed. The directors say that this means production and delivery of Hesketh V1000 motorcycles will start in January 1982.

Dealings in the company's shares are carried on under Rule 163 (2) of the London Stock Exchange.

● comment

Faith, hope and romance will be subjected to the acid test when the Hesketh V1000 superbike finally reaches the showrooms in January. The original August 1 launch date had to be put back after problems with the gearbox. Modification costs required the original investors to put up another £540,000. Riding high in 1979-80, the superbike market has been depressed by the 10 per cent car tax imposed by the 1981 budget. At around £4,500, the V1000 is at the top end of the range and will be aiming for a specialist niche of about 7 per cent of the UK superbike market. A possible asset is the bike's "Britishness" in a field dominated by Japan. The company plans to export about 50 per cent of production and has distribution networks in Holland, West Germany and Japan. Hesketh reckons on production of 40 units per week by March, and has 300 advance orders. However the market is more sceptical than ever. Since the launch postponement the shares have not budged from their low of 35p, as against the September 1980's flotation price of 80p and par value of 50p. Market capitalisation is just over £1m.

Cronite starts recovery

SUBSTANTIAL profits are expected by the directors of the Cronite Group for the year 1981-82, after reporting increased pre-tax losses for the year to September 30 1981.

The taxable deficit rose from £26,000 to £131,000 on turnover much reduced at £8.51m, against £10.41m, including £419,000 relating to discontinued business.

The directors say the result indicates a major improvement during the second half of the year. They say the group returned to profit in the final quarter and this is continuing into the current financial year.

At half time pre-tax losses stood at £76,000, compared with profits of £145,000 on turnover lower at £3.86m against £5.62m.

The final dividend is raised from 1.0675p to 1.25p. There was no interim payment. Last year's total was 1.8719p.

The loss per 25p share was increased to 1.2p net (0.4p). Net asset value was given as lower at 56p (59p).

Loan to Burton chief

AN EFFECTIVE £127,500 interest-free loan for Mr Ralph Halpern, chairman of the Burton Group, is proposed to shareholders in the company's report and accounts.

The company has agreed to buy a new house in London for Mr Halpern for £275,000. If shareholders approve, Mr Halpern will pay £140,000 for a half-interest in the house and another £7,500 for an option to purchase the company's half-interest within the next 10 years.

Under the proposed resolution, Mr Halpern will contribute to the running and maintenance of the house, as well as carry out structural renovations, during the period of joint-ownership. The property will include guest and conference facilities.

Mr Halpern has also been granted an option to purchase 400,000 Burton shares at 92p per share between January 1984 and 1988. Burton's shares closed yesterday at 132p.

The report also discloses that the group's financial director, Mr Michael Wood, received an interest free housing loan of £31,000 in 1980; and that former finance director, Mr Brian North, was paid £140,000 compensation—he left the company in February.

SPAIN

December 22	Price %	+ or −
Banco Bilbao	333	+2
Banco Central	327	+5
Banco Exterior	303	
Banco Hispano	325	
Banco Ind. Cat.	115	
Banco Santander	347	
Banco Urquijo	212	+2
Banco Vizcaya	349	+3
Banco Zaragoza	210	+2
Dragados	130	+6
Espanola Zinc	60	
Fecsa	64.5	+1
Gal. Preciados	40	
Hidrola	76	+1
Iberduero	57.5	+0.8
Petroleos	90	+0.3
Petroliber	103	
Sogefisa	40	
Telefonica	71	+0.5
Union Elect.	70	

THE TRING HALL USM INDEX
117.2 (−0.2)
close of business 22/12/81
BASE RATE 10/11/80 100
Tel.: 01-638 1591

CORAL INDEX
Close 520-525 (+3)

OIL INDEX
January Refined $43.20
March Refined $42.70

MINING NEWS

Wankie gets Zimbabwe consent to lift prices

BY GEORGE MILLING-STANLEY

COAL AND COKE prices in Zimbabwe have risen by between 17 and 26 per cent with effect from Monday of this week, as a result of the new coal price agreement between the government and the country's only coal producer, Wankie Colliery.

Wankie, which is controlled by South Africa's Anglo American Corporation, was facing severe financial difficulties because of the cancellation by the government of the last coal price agreement. This guaranteed Wankie a "fair return" on domestic sales of coal and coke, defined as a pre-tax return of 12.5 per cent on capital employed.

Three weeks ago, Sir Keith Acutt, the chairman, told the annual meeting that a new agreement had been reached, with this definition unchanged. Mr John Hedley, a director of Wankie, confirmed to our Salisbury correspondent that the new prices would give the company a fair return.

Wankie's board estimates that earnings will improve significantly next year, provided that sales of coal and coke remain at around present levels, and the transport position continues to be good.

The company made a trading profit of Z$57,000 (£43,000) in the year to September 30, compared with Z$5.14m. Net earnings fell to 3.7 cents a share from 16.92 cents, and a total of 3 cents was paid in dividends compared with 10 cents the year before.

The expansion programme, involving the construction of a new open-cast mine close to the present site to supply a power station to be built nearby, remains the company's first priority.

Sir Keith told the annual meeting that Wankie expected to be in a position to supply coal for the new power station's first 120-megawatt generator when it comes on stream in December next year, and for succeeding generators as they are installed.

The government said this week that it planned to expand the station to a capacity of 882.3 megawatts by 1985.

Quite apart from the effect on Wankie's profitability, the satisfactory renegotiation of the coal price agreement was an integral part of the company's financing package for the new mine with international banks, the U.S. Exim Bank and the International Finance Corporation, an agency of the World Bank.

Between them, these bodies are putting up about 40 per cent of the Z$120m to be spent on the new mine. They have been advised of the terms of the new agreement, and Wankie is hoping for their quick approval.

Before the new agreement came into force, prices ranged between U.S.$12.6 (£6.70) per tonne for dry coal and $19.45 for coking coal.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated Communications, William Cook (Sheffield), Melody Mills, W. E. Norton, Rotaprint.

Finals: Lazard Brothers Sterling Reserve Fund, Reliant Motor.

FUTURE DATES

Interims—	
Ellis and Everard	Jan 11
Stoddard	Jan 15
Technology Invest. Trust	Jan 8
Finals—	
Eurotherm International	Jan 27
Hickson and Welch	Jan 7
Lincroft Kilgour	Jan 12
Metal Closures	Mar 25
SGB	Jan 12

Zambia copper merger terms

THE TERMS for the merger of Zambia's two big state-controlled copper and cobalt producers, Nchanga Consolidated Copper Mines (NCCM) and Roan Consolidated Mines (RCM) were agreed yesterday.

The two companies have arranged with the other interested parties, the Zambian Government, the government holding company Zambia Industrial and Mining Corporation (Zimco), RST International (a subsidiary of Amax of the U.S.), and Zambia Copper Investments (ZCI), a subsidiary of the Anglo American Corporation group, that RCM will be the vehicle for the merger.

RCM, the smaller of the two companies, will reconstruct its present "A" and "B" ordinary shares of Kwacha 4 (£2.40) into shares of K10.

As from April 1, RCM will acquire NCCM. RCM will give 31m new "A" shares to Zimco and 20.6m new "B" shares to ZCI. Subsequently, ZCI will change its name to Zambia Consolidated Copper Mines (ZCCM).

As a result of the arrangements, Zimco will hold 60.3 per cent of ZCCM, with the remainder held as follows: ZCI 27.3 per cent, RST International 6.9 per cent; the UK public 1.3 per cent; and the U.S. public 4.2 per cent.

Good response for Suffolk Group Radio

Following last month's prospectus, the response to the issue of new ordinary and preference shares in Suffolk Group Radio (SGR) has been very encouraging, according to the board. Up to December 18, applications had been received which resulted in the issue being almost fully subscribed.

Since the board is aware that further applications have been despatched which would result in at least a full subscription, but are delayed by the Christmas post, it intends to leave the application lists open until December 30.

Also, the SGR offers for Radio Orwell, made at the same time as the SGR prospectus was issued, have received acceptances in respect of 160,717 ordinary shares (89.29 per cent) of Radio Orwell and 50,939 (88.85 per cent) of its preference shares.

It is a condition of the offers that neither shall become or be declared unconditional until the closing date for application for new SGR shares issued through the prospectus, and accordingly neither the ordinary nor the preference offer for Radio Orwell shares has yet been declared unconditional.

Both have, however, been extended in accordance with their respective terms, until December 30 upon which date the SGR board expects to declare both offers unconditional.

Receiver appointed for Oriel Services

A receiver and manager, Alastair Jones, FCA, a partner in chartered accountants Peat Marwick Mitchell, Birmingham, has been appointed for Oriel Computer Services.

The company, which specialises in providing computer based information systems and services to libraries, printers and publishers, employs 30 and is based at Chipping Norton, Oxfordshire.

NOTTINGHAM STADIUM

Nottingham Greyhound Stadium, which went into voluntary liquidation last September, was compulsorily wound up in the High Court in London yesterday.

Mr Justice Vinelott made the order on a petition by Saccone and Speed, judgment creditors for £2,501. No other creditors gave notice of claims and neither the company nor the joint liquidators were represented.

TRICITY FINANCE

The name of Tricity Finance will be changed to Lombard Tricity Finance on January 1. The company is a wholly owned subsidiary of Lombard North Central, a member of the National Westminster Bank Group.

Sterling Inds. falls sharply to £168,000

THE CONTINUING effect of the recession is blamed for a fall in taxable profits of Sterling Industries, light engineer, for the first six months to September 30 1981. The pre-tax result fell sharply from £431,000 to £168,000, on turnover down to £2.53m, against £2.73m.

The directors do not anticipate that second half results will show an improvement on the first.

The interim dividend has been held at 0.45p. In the last full year a total of 1.65p was paid from taxable profits of £549,000 on turnover of £4.97m. Earnings per share this time are stated lower at 1.19p, compared with 1.84p.

The profits attributable from Crewkerne Investments stood at £166,000, against £146,000 previously. In the last full year the taxable result was £261,000, and the directors estimate the amount due for the year to March 31 1982 will be £291,000, before taxation of £88,000.

The income of Crewkerne Investments derives mainly from its holding of ordinary stock of Caledonia Investments, say the directors.

Tax for the six months fell from £154,000 to £36,000 because the charge was reduced by stock relief. The charge for the six months to September 30 1980 has been restated at the same effective tax rat as the charge for the full year.

BOND DRAWINGS

BRAZILIAN STERLING LOANS: DECREE LAW NO. 6019

STATE OF BAHIA 5% FUNDING LOAN 1915

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above Loan for January 1982, bonds for a nominal amount of £8,180 have been drawn for redemption.

The following are the numbers of the bonds drawn for redemption at par on 1st January 1982, after which date all interest thereon will cease.

788 SERIES 'A' BONDS OF £10 NOMINAL VALUE EACH = £7,880

39	118	137	209	228	290	308	336	367
386	454	538	601	618	624	638	717	751
819	825	852	1028	1056	1122	1195	1339	1370
1389	1434	1445	1494	1582	1604	1674	1678	1726
1785	1917	1921	1978	2025	2036	2053	2080	2109
2110	2155	2166	2171	2268	2334	2395	2468	2554
2594	2651	2655	2823	2825	2826	2848	2859	2897
2931	2992	3012	3013	3019	3026	3048	3106	3113
3117	3154	3187	3188	3201	3295	3298	3320	3346
3383	3389	3397	3436	3438	3470	3538	3543	3547
3627	3689	3720	3753	3756	3764	3803	3890	3962
4043	4063	4072	4126	4158	4163	4186	4180	4213
4252	4282	4311	4366	4388	4396	4470	4518	4519
4527	4570	4583	4601	4654	4673	4722	4781	4858
4932	4977	5011	5042	5121	5173	5230	5248	5262
5263	5302	5312	5379	5406	5430	5496	5579	5582
5605	5637	5682	5722	5750	5753	5774	5821	5841
5894	5921	5928	5932	6000	6098	6107	6121	6150
6163	6240	6255	6276	6311	6357	6358	6375	6398
6432	6438	6455	6473	6521	6556	6619	6643	6687
6718	6809	6842	6874	6895	6949	6977	7050	7060
7084	7093	7166	7230	7231	7277	7297	7338	7376
7402	7448	7451	7508	7522	7535	7576	7598	7603
7608	7614	7630	7676	7695	7706	7743	7787	7836
7891	7912	7943	7994	8013	8052	8123	8207	8267
8277	8289	8290	8295	8313	8320	8332	8380	8383
8387	8496	8505	8530	8534	8566	8608	8665	8720
8764	8768	8793	8815	8876	8911	8940	8975	9002
9030	9034	9060	9144	9195	9224	9239	9246	9255
9309	9329	9333	9360	9387	9405	9442	9468	9521
9553	9595	9616	9679	9686	9727	9758	9802	9834
9869	9894	9895	9955	9960	9976	9985	10011	10116
10135	10176	10234	10373	10425	10429	10453	10465	10496
10519	10587	10616	10704	10744	10776	10832	10885	10939
10976	11021	11061	11070	11077	11121	11219	11241	11288
11290	11291	11325	11326	11390	11480	11528	11562	11575
11589	11645	11653	11742	11746	11759	11836	11889	11953
12018	12052	12064	12121	12218	12287	12299	12343	12401
12409	12411	12558	12598	12637	12838	12923	12972	13072
13081	13132	13141	13142	13236	13240	13337	13347	13393
13580	13629	13658	13683	13688	13722	13763	13854	13923
13960	13972	13999	14033	14131	14282	14387	14449	14474
14489	14523	14525	14765	14802	14803	14826	14844	14907
14981	15023	15035	15098	15177	15197	15276	15369	15391
15425	15458	15507	15524	15529	15534	15538	15542	15545
15549	15550	15555	15557	15569	15602	15605	15642	15664
15687	15741	15754	15813	15889	15930	15950	15969	16028
16153	16154	16230	16319	16352	16379	16418	16424	16493
16519	16538	16573	16630	16711	16722	16748	16761	16797
16869	16916	16952	16961	16963	17011	17096	17112	17162
17190	17281	17300	17313	17351	17458	17474	17551	17638
17749	17797	17838	17899	17935	17959	18057	18110	18161
18208	18259	18266	18267	18311	18431	18475	18533	18717
18821	18840	18856	18859	18888	18948	18963	18998	19043
19064	19199	19227	19300	19330	19387	19446	19464	19503
19507	19595	19675	19691	19697	19795	19827	19880	19957
19990	20028	20079	20099	20136	20157	20193	20245	20313
20382	20430	20476	20543	20565	20585	20597	20642	20674
20703	20723	20815	20856	20919	20957	20975	20994	21035
21071	21103	21156	21246	21262	21283	21297	21343	21405
21468	21519	21569	21617	21626	21664	21700	21705	21720
21797	21835	21890	21910	21962	21984	21997	22004	22059
22066	22179	22297	22326	22376	22447	22562	22595	22623
22643	22668	22689	22693	22714	22730	22789	22844	22897
23044	23076	23152	23183	23260	23328	23381	23476	23495
23609	23641	23647	23728	23779	23792	23876	24027	24096
24141	24186	24283	24372	24415	24454	24500	24645	24693
24864	24869	24902	24947	24988	25090	25100	25118	25143
25158	25199	25249	25258	25351	25417	25444	25447	25519
25565	25569	25721	25767	25775	25835	25865	25970	26065
26138	26164	26268	26339	26348	26423	26440	26464	26624
26646	26825	26891	26948	26951	26980	27019	27061	27080
27120	27126	27136	27246	27280	27295	27348	27364	27376
27499	27682	27707	27710	27752	27858	27961	28065	28075
28187	28230	28376	28415	28476	28578	28676	28695	28717
28760	28806	28879	28892	28968	29096	29097	29127	29154
29396	29422	29446	29485	29497	29614	29633	29655	29930
29932	29937	29947	29996	30021	30039	30181	30370	30371
30549	30560	30561	30584	30621	30712	30804	30852	30887
30933	30999	31075	31244	31395	31442	31564	31571	31762
31849	31958	32151	32231	32237	32247	32304	32316	32470
32493	32510	32604	32631	32675	32727	32751	32891	32907
33033	33097	33238	33280	33314	33383	33498	33528	33561
33621	33699	33740	33780	33787	33859	33867	33966	33969
34008	34047	34155	34257	34322	34361	34484	34508	34653
34684	34725	34803	34937	35001	35052	35077	35132	35168
35230	35279	35380	35537	35547	35622	35683	35704	35810
35840	35855	36097	36126	36169				

76 SERIES 'B' BONDS OF £10 NOMINAL VALUE EACH = £760

686	823	923	949	1240	1532	1552	1623	1823
1824	1828	1831	1833	2221	2450	2531	2827	2857
3242	3309	3554	3672	3867	3870	3890	3957	4031
4207	4213	4250	4284	4285	4289	4290	4296	4302
4304	4487	4514	4525	4526	4933	4995	6115	6164
6166	6433	6738	6890	7061	7385	7526	7617	7770
7794	7938	8042	8418	8798	9931	10031	10109	10136
10334	10500	10636	10783	10802	12495	12920	14308	14380
14386	14417	14429	14434					

27 SERIES 'C' BONDS OF £20 NOMINAL VALUE EACH = £540

392	486	567	804	1336	1339	1721	2168	2233
2410	2454	2895	3044	3070	3140	3217	3736	3867
3915	3924	4468	5183	5407	5441	6502	7441	7799

The above bonds should be presented at the London Offices of Lloyds Bank International Limited, listed on the appropriate forms and must bear all coupons subsequent to 1st January 1982, otherwise the amount of the missing coupons will be deducted from the principal moneys.

BRAZILIAN STERLING LOANS: DECREE LAW NO. 6019

STATE OF PERNAMBUCO 5% LOAN 1905

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above Loan for January 1982 bonds for a nominal amount of £4,580 have been drawn for redemption.

The following are the numbers of the bonds drawn for redemption at par on 1st January 1982 after which date all interest thereon will cease.

229 BONDS OF £20 NOMINAL VALUE EACH = £4,580

229	412	780	1108	1533	1944	2456	2954	3507
4014	4439	4921	5382	5887	6243	6695	7248	7695
8124	8629	8635	9218	9641	10352	10807	11733	12278
12686	13375	13547	13764	13936	14317	14529	14769	14948
15371	15508	15885	16026	16285	16427	16830	17198	17452
18012	18201	18341	18529	18627	18802	19057	19297	19464
19644	19802	20056	20317	20594	20751	21365	22140	22898
23760	24294	24827	26071	26578	27505	28197	28557	29134
29912	30293	30903	31506	31986	32449	32742	33089	33525
33909	34431	34852	35457	35937	36380	36667	36942	37344
37452	37643	37740	37895	38002	38127	38270	38442	38569
38624	38712	38755	38779	38899	38942	39026	39179	39249
39358	39412	39592	39611	39770	39820	39980	40099	40204
40379	40430	40577	40610	40719	40724	40830	40863	40909
41025	41064	41104	41177	41250	41313	41419	41592	41704
41893	42020	42193	42382	42525	42607	42661	42727	42862
42863	42918	43078	43090	43162	43218	43315	43336	43348
43427	43488	43576	43631	43680	43684	43688	43707	43712
43745	43758	43764	43797	43829	43888	43921	43943	43992
44038	44103	44152	44349	44367	44443	44487	44706	44783
44838	44853	44886	44902	44935	44972	45060	45086	45093
45167	45251	45428	45454	45582	45751	45848	45970	46058
46138	46276	46320	46462	46605	46675	46837	46925	47126
47191	47298	47343	47423	47547	47610	47640	47734	48095
48129	48178	48328	48423	48586	48739	48887	48904	49130
49382	49439	49570	49607					

The above bonds should be presented at the London Offices of Lloyds Bank International Limited, listed on the appropriate forms and must bear all coupons subsequent to 1st January 1982, otherwise the amount of the missing coupons will be deducted from the principal moneys.

CITY OF LIMA

(THE HONOURABLE PROVINCIAL COUNCIL OF LIMA)

5% FIRST MORTGAGE BONDS 1911

NOTICE IS HEREBY GIVEN that for the Sinking Fund of the above Loan for January 1982, Bonds for an original nominal amount of £4,200 have been drawn for redemption.

The following are the numbers of the Bonds drawn for redemption on 1st January 1982 after which date all interest thereon will cease. Payment will be made at the new par value of £171 per £100 Bond in accordance with the Republic of Peru Offer dated 13th January 1955.

42 BONDS OF £100 ORIGINAL NOMINAL VALUE EACH

39	298	374	375	400
480	551	641	948	1014
1060	1092	1225	1267	1279
1287	1300	1377	1446	1484
1557	1634	1637	1660	1786
1795	1844	1888	1922	2010
2271	2421	2586	2699	2928
3118	3469	3899	4257	4774
5311	5784			

The above Bonds should be presented at the London Offices of Lloyds Bank International Limited, listed on the appropriate forms and must bear all coupons subsequent to 1st January 1982 otherwise the amount of the missing coupons will be deducted from the redemption proceeds.

CONTRACTS AND TENDERS

TOWN OF LECCE—ITALY

TENDER FOR THE DESIGN AND REALISATION OF THE PLAN FOR THE SCHOOL BUILDINGS IN THE TOWN OF LECCE

The seventh paragraph of the ad published in the 'Gazzetta Ufficiale'—Second Part No. 306, has been substituted by the following:

To participate at the Tender for Design, the builders interested in this contract, shall have to prove to be registered in the national builders list, and to be able to show that they are qualified to carry out the works for the amount involved for the said works. Foreign candidates resident in the EEC countries will have to supply registration certificates of their own country according to Article 14 of 8.8.1977 No. 584. The closing date already postponed to 21st December is once again postponed to the 31st December.

The Mayor,
SGD. DR. SALVATORE MELELEO

Lecce, 15th December, 1981,
The General Secretary,
Dr. Franco Stabili.

LEGAL NOTICES

IN THE ROYAL COURT OF GUERNSEY

MATRIMONIAL CAUSES DIVISION

To: ROBERT HAYDN MORLEY, late of 'Le Villocq,' Le Villocq in the Parish of the Castel in the Island of Guernsey.

TAKE NOTICE that a Petitition for Divorce by Sandra Morley has been filed affecting you and you may obtain full details from the Greffe, Royal Court House, Guernsey. If you have not communicated with the Greffe within one month of this Notice, the Court may proceed to hear the Cause in your absence.

K. H. TOUGH,
Her Majesty's Greffier.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 734 0557.

LEGAL NOTICES

THE COMPANIES ACTS 1948 to 1976

FURNISHING SERVICES (LONDON) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ, on Tuesday, the 12th day of January 1982, at 12 o'clock noon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 15th day of December, 1981.

By Order of the Board,
D. S. SPRINGFORD, Director.

IN THE MATTER OF ELLEMAR PROMOTIONS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of January, 1982, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

BRIAN MILLS,
of 1 Wardrobe Place,
Carter Lane,
London EC4V 5AJ,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 11th day of December 1981.

BRIAN MILLS, Liquidator.

PUBLIC NOTICES

BEDFORDSHIRE COUNTY COUNCIL

£5,000,000 bills issued on 23.12.81 at a rate of 14⅞% to mature 24.3.82. Total applications were 29,000,000 and there are 10,000,000 bills outstanding.

MOTOR CARS

RESIDENTIAL PROPERTY

TRAVEL

ART GALLERIES

COMPANY NOTICES

Kingdom of Sweden

U.S.$ 150,000,000
Floating Rate Notes due December 1988

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from December 21, 1981 to June 21, 1982 the Notes will carry an interest rate of 14 7/16 % per annum.

The interest payable on the relevant interest payment date, June 21, 1982 against Coupon no 3 will be US$ 7,298.96 per Note.

Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

CHARTER CONSOLIDATED P.L.C

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

An interim dividend of 3.75p per share will be payable on or after 7th January, 1982 to persons presenting coupon No. 34 detached from share warrants to bearer. The dividend will carry a tax credit of 1.60714p per share.

Coupons, which must be left four clear days for examination, may be lodged any weekday (Saturday excepted) between 10 am and 3 pm at the Bearer Reception Office at this address, or at Credit Lyonnais, 19 boulevard des Italiens, 75002 Paris, or Banque Rothschild, 21 rue Laffitte, 75009 Paris. Listing forms may be obtained on application.

40 Holborn Viaduct
London EC1P 1AJ

23rd December, 1981

NOTICE TO HOLDERS OF EUROPEAN ATOMIC ENERGY COMMUNITY (EURATOM)

U.S.$40,000,000
12¾% Bonds due 1990

The Commission of the European Communities announces that the annual instalment of Bonds amounting to U.S.$1,750,000.00 has been purchased for redemption on February 1, 1982. The amount of capital outstanding after that date will be U.S.$38,250,000.00.

CITIBANK (LUXEMBOURG) S.A.
Principal Paying Agent.

December 23, 1981.

C. ITOH & CO. LIMITED

DEPOSITARY RECEIPTS TO BEARER ISSUED BY HAMBROS BANK LIMITED

(One Depositary Share Unit comprising 10 Depositary Shares of 50 Yen each)

Hambros Bank Limited announce that Coupon No. 36 representing the dividend due on the underlying shares for the half year ended 30th September 1981, may be presented for payment in the usual manner at their Stock Office Counter, 41 Bishopsgate, London, EC2P 2AA or at Banque Internationale à Luxembourg S.A., 2, Boulevard Royal, Luxembourg, on or after the 23rd December, 1981.

The amount payable is Yen 2.5 per share (25 Yen per Depositary Unit) less Japanese Withholding Tax as applicable.

Coupons presented to Hambros Bank Limited unless accompanied by an Inland Revenue Affidavit of non-residence, will have United Kingdom Income Tax deducted at the rate of £0.15 in the £ on the gross amount of dividend before deduction of Japanese Withholding Tax.

HAMBROS BANK LIMITED
23rd December 1981.

PIONEER ELECTRONIC CORPORATION

NOTICE IS HEREBY GIVEN to holders of CDR's issued by Caribbean Depositary Co. N.V., Curacao, evidencing shares in the above Company that the annual report of Pioneer Electronic Corp. for the financial year ended 30th September, 1981 may be obtained from:

Caribbean Depositary Company N.V.
6 John B. Gorsiraweg
Willemstad, Curacao;
Pierson, Heldring & Pierson NV.
Herengracht 214
Amsterdam;
The Bank of Tokyo Ltd.
in Tokyo, Brussels, London,
Dusseldorf, Paris and New York.

PIERSON, HELDRING & PIERSON N.V.

Amsterdam, 18th December 1981.

BANQUE WORMS

U.S.$30,000,000.- FLOATING RATE NOTES 1978/1985

In accordance with the terms and conditions of the abovementioned Floating Rate Notes the rate of interest for the interest period 17th December, 1981 to 17th June, 1982 has been fixed at 14 ⅞%.

BANQUE INTERNATIONALE A LUXEMBOURG
SOCIETE ANONYME
Trustee

ROWNTREE MACKINTOSH INTERNATIONAL FINANCE B.V.

£18,000,000 10½% STERLING FOREIGN CURRENCY BONDS 1988

NOTICE IS HEREBY GIVEN pursuant to Condition 5 of the Trust Deed constituting the above-mentioned Bonds that the Company has elected to increase the third annual redemption instalment due on 15th February, 1982 from £1,200,000 to £2,400,000. The redemption instalment will be satisfied by Bonds purchased in the market by the Company.

ROWNTREE MACKINTOSH INTERNATIONAL FINANCE B.V.
23rd December, 1981

THE TOR INVESTMENT TRUST LIMITED

NOTICE IS HEREBY GIVEN that the Register of the 5½% Debenture Stock 1985/90 will be CLOSED from 15th to 27th January 1982 inclusive.

By Order of the Board,
J. TODD, Secretary.

BIDS AND DEALS

Cook Inds. lifts NCC stake to 11%

COOK INTERNATIONAL, a division of Cook Industries has increased its shareholding in NCC Energy, the UK investment company controlled by Mr Graham Ferguson Lacey, to 4.02m shares (11.14 per cent).

NCC's share price closed 3p down at 90p yesterday, valuing Cook's stake at £3.6m.

The share purchase follows the announcement by NCC earlier this month that it was issuing 3.46m shares at 100p. NCC's declared intention was to use the cash to buy a further 631,000 shares owned by Simplicity Pattern, the U.S. company with which NCC has been trying to merge. Cook has a shareholding in Simplicity.

Mr Ferguson Lacey was not available for comment yesterday, and there was no other official confirmation of suggestions in the City that the two announcements might be linked.

Merger talks between NCC and Simplicity were called off last month in the face of a rival partial bid for Simplicity by Mr Carl Icahn. They resumed thanks to the help of Mr Alan Bond, one of Australia's leading entrepreneurs. He bought out Mr Icahn's shareholding in Simplicity and subsequently announced that he had given NCC an "irrevocable proxy" on *the shares. Mr Ferguson Lacey* meanwhile announced that he spoke for 29 per cent of Simplicity—including NCC's own 15 per cent stake—and would probably increase the holding to win control.

CHARENTE STEPS UP HOLDING IN BURCO DEAN

Charente Steam Ship Company, a private group which runs the Thomas Harrison line from Liverpool has raised its holding in **Burco Dean**, the kitchen and baby boiler group, to 2.1m *shares* (25.96 per cent).

Yesterday Charente purchased a further 400,000 shares worth £672,000. Burco's share *price yesterday closed* unchanged at 32p.

Charente intends to acquire a further number of shares from *time to time* and, subject to market price to bring its holding in Burco Dean to 2.5m shares (29.55 per cent)—just below the level at which a bid would be mandatory. Charente has informed the directors of Burco that they have no intention of acquiring shares *beyond that number.*

ASSOCIATES DEALS

L. Messel and Co., brokers to **Mothercare**, *on December 14, 15* and 18 bought 60,000 Mothercare shares between 168p and 173p on behalf of discretionary investment clients.

On December 14 Messel bought 5,000 Mothercare at 169p on behalf of an associate.

Hoare Govett on Monday December 21 bought on behalf of **Habitat Group** 325,000 Mothercare ordinary at 175p.

J. Henry Schroder Wagg and Co., which is advising **Burmah Oil**, on December 18 sold 535,000 **Croda** shares on behalf of associates.

SHARE STAKES

Rightwise — Crosby House Group and its subsidiaries is interested *in 110,500 ordinary* shares (7.73 per cent) and £7,500 loan stock.

Moss Engineering Group—*Biwater has acquired a further* 50,000 ordinary shares. Biwater is now interested in 819,632 ordinary (13.3 per cent).

Croda rejects Burmah offer

Croda International, the speciality chemicals group, has reacted vigorously to Friday's dawn raid and full bid by **Burmah Oil**. *After a meeting* with its advisers, S. G. Warburg, the board has unanimously rejected Burmah's offer of 37p cash for each deferred share, and 70p *cash for each ordinary share of* Croda, valuing it at £77.8m.

A letter from Sir Frederick Wood, the chairman, to Croda's shareholders warns that the board "will have a good deal to say in good time about why this bid is opportunistic, inadequate and unacceptable." Shareholders are promised a presentation of "the full case" and assured that Croda's prospects are "very good."

Under the Take-Over Panel's *cooling-off period rules, Burmah* can return to the market to seek up to another 5 per cent of Croda's shares at the bid price after December 25. Croda shareholders are "most strongly advised" not to sell.

Croda's shares closed last night unchanged at 76p, while Burmah put on 5p to close at 126p.

THOMSON T-LINE

The directors of **Thomson T-Line Caravans** are continuing to reduce operations by running down production at the loss-making companies in the caravan and trailer industry, with resultant redundancy notices being issued.

They report that in addition to the previously announced land sales, surplus land and buildings, to the value of £1.1m, *has also been made available for* sale.

Robert Moss pays £0.6m for Banbury Plastics

ROBERT MOSS, the Oxfordshire-based plastics company, is *making its first acquisition since Mr Murray McLean, the South* African-born businessman, moved in to head up the company last September.

Moss is buying **Banbury Plastics**, a specialist in injection moulding of plastics, for close to £640,000 in a cash and share deal. Shareholders are being called to a special meeting on January 12 to consider an increase in Moss's capital, allowing the deal to go through.

When Mr McLean bought a quarter of Moss's equity and moved in as chairman last autumn he made it clear that Moss would make acquisitions in related fields. The activities of Banbury are said to be "similar and complementary."

Moss is paying £360,000 in cash for Banbury plus 661,000 new ordinary shares. In the market the shares stood unchanged at 42p.

In the year ended November 30 1981 Banbury made pre-tax profits of £70,000 and the accounts show net tangible assets of £475,000.

As the activities of Banbury will be consolidated for a very short period in this financial year its acquisition is expected to have only a minimal effect on the earnings *of Moss for the* year ending March 31 1982. Long-term benefits are, however, to be considerable, both from a commercial and technical point of view.

Mr Gian Croft-Pearson, managing director of Banbury, will become a substantial share-*holder in Moss on completion* of the deal and will be joining the board as an executive director.

DIAMOND STYLUS

Katy Industries Inc has advised **Diamond Stylus** that it has withdrawn its offer to exchange its holding of 50 per cent of the issued ordinary share capital of Elgin Diamond Products (Europe) for the issue of 1.28m ordinary shares in Diamond Stylus.

Trafalgar's de-merger

Mr Nigel Broackes, chairman of **Trafalgar House**, has written to shareholders with details of a proposed de-merger for the company's newspaper and magazine interests.

The entire share capital of **Express Newspapers** and **Morgan-Grampian**, at present held by Trafalgar, will be sold to a new company, **Fleet Holdings**, in exchange for an issue of shares by Fleet. The value of the shares will equal the current book value of Express and Morgan-Grampian in Trafalgar's accounts.

Trafalgar will instruct Fleet, as a part of the sale, to distribute *the new shares as a special dividend* to Trafalgar shareholders. Fleet will be a publicly-quoted company.

A pro forma balance sheet produced for Fleet at September 30 shows debts due to Trafalgar of £22.4m. Prior to the de-merger, Trafalgar will inject £15m into *the future Fleet subsidiaries to* help them repay this debt. It will also subscribe up to £15m of convertible loan stock on terms yet to be finalised, to cancel out the remaining debt and provide the new company with extra working capital.

Conversion of this stock between 1987 and 1992 would give Trafalgar 25 per cent of Fleet. In the event of default or a hostile take-over bid before 1987, Trafalgar will be able to *convert on terms giving it 35* per cent of Fleet.

The chairman says the de-merger will be structured so as *to avoid incurring tax liabilities* for any of the parties involved. Confirmation of this by the Inland Revenue is laid down as one of the conditions of the de-merger.

A pro-forma profit and loss statement for Fleet in the year to September 30 shows turnover of £260.4m and pre-tax profits of £4.0m.

TRUSTHOUSE FORTE

Trusthouse Forte has exchanged contracts with Trans-Nation Incorporated for the purchase of the King Edward Hotel, Toronto.

Trusthouse has managed the hotel since it was re-opened in June of this year and has been involved in the extensive renovation and refurbishment programme which preceded the opening.

British Land pays $3.1m in Growth deal

British Land, the UK property group, plans to acquire 1m common shares of **Growth Realty Companies**, plus warrants to buy a further 950,000 shares, for about $3.1m.

The purchase is conditional on a restructuring of Growth Realty's bank debt within the next few weeks. As part of the agreement British Land would guarantee a portion of Growth *Realty's existing $23.5m principal* debt, and a proposed new credit facility. The facility would permit Growth Realty to pay or restructure $9.2m in *publicly held subordinated* debentures which mature on April 15.

Growth Realty said the agreement contemplates that the banks will forgive the remaining $4.7m of accrued interest.

Growth Realty said its proposed debt restructuring has *been discussed with its* bank, but no assurances can be given that it will be approved.

In the meantime Growth has requested that the banks postpone a $1.5m principal payment due on December 31 and waive the requirement that the company make a public exchange offer for its subordinated debentures.

Growth Realty shareholders will be asked to approve the election of five directors selected by British Land. Growth Realty has 2,105,000 *shares outstanding.*

Heron Motor rejects offer

The independent directors of **Heron Motor Group** and their financial advisers, County Bank, have considered the proposals put forward by **Heron Corpora-***tion which could have resulted* in that company making an offer of 28p per share for the shares of Heron Motor Group it did not already own.

While the proposals "are acceptable in principle" the indicated price of 28p per share is "inadequate and does not *reflect Heron Motor Group's* potential profitability, its strong asset position and low gearing." Accordingly, the independent directors supported by County Bank have rejected the proposals and invited Heron Corporation to increase its offer.

RAGLAN PROPERTY

Raglan Property Trust has received acceptances for 10.05m ordinary shares (77.2 per cent) of the *13.01m* shares conditionally placed with or subscribed by institutional investors and which were offered to holders on a one for two basis. The remaining 2.96m shares will be taken up by the institutional investors.

The acquisition of Dido Investments has been completed on December 23 1981.

WARD STILL SAYS 'NO'

Mr Peter Frost, chairman of **Thos W. Ward**, has written to *shareholders reiterating his* board's opposition to the 190p cash per share bid from **Rio Tinto-Zinc**, which has been extended until January 8.

The chairman warns shareholders about "speculation that sooner or later RTZ will increase their offer" and the pos-*sibility that RTZ might attempt* to buy more shares in the market in that event. Shareholders, he says, have "no need . . . to take any precipitate action" and should await further advice from their board.

LONDON TRADED OPTIONS

Dec. 22. Total Contracts 885. Calls 515. Puts 370.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	260	56	2	58	—	—	—	314p
BP (c)	300	20	—	34	—	44	2	"
BP (p)	330	10	10	—	—	—	—	"
BP (c)	330	1	5	—	—	—	—	"
BP (p)	300	6	—	16	5	22	—	"
BP (p)	350	38	10	—	—	—	—	"
CU (c)	140	3	2	8	—	12	—	126p
Cons. Gld (c)	500	15	26	38	—	57	—	492p
Cons. Gld (p)	550	60	5	62	—	70	—	"
Ctlds. (c)	60	15	1	18	—	20	—	73p
Ctlds. (c)	70	6	4	7½	—	11½	—	"
Ctlds. (c)	80	2½	—	4½	—	7½	1	"
GEC (c)	650	162	32	179	—	200	—	809p
GEC (c)	750	63	2	87	—	115	—	"
GEC (c)	800	24	10	52	6	75	—	"
GEC (c)	850	7	—	22	1	45	—	"
GEC (p)	750	5	—	17	1	30	—	"
GEC (p)	800	17	13	30	—	42	—	"
Gr'd Met. (c)	160	28	42	31	—	36	5	186p
Gr'd Met. (c)	180	11	48	17	2	23	—	"
Gr'd Met. (c)	200	3	26	8	61	15	—	"
Gr'd Met. (p)	160	3	32	8	90	10	—	"
Gr'd Met. (p)	180	5	97	13	—	16	—	"
Gr'd Met. (p)	200	18	—	21	15	24	—	"
ICI (c)	240	44	45	52	—	60	—	280p
ICI (c)	260	26	5	38	—	46	—	"
ICI (c)	280	11	9	26	14	38	—	"
ICI (c)	300	4	10	15	25	24	—	"
ICI (p)	280	10	8	18	—	22	—	"
ICI (p)	300	22	5	24	—	34	—	"
Mks. & Sp. (c)	130	5	—	8	4	14½	1	125p
Shell (p)	360	3	10	10	—	12	—	396p
Shell (p)	390	8	2	20	—	20	—	"
Shell (p)	420	25	2	30	—	34	—	"
		February		May		August		
Barclays (c)	460	8	—	16	1	50	—	420p
Imperial (c)	70	6½	8	7½	10	11	—	70p
Lasmo (c)	460	23	—	37	—	57	1	437p
Lasmo (c)	500	13	—	25	6	40	—	"
Lasmo (c)	550	7	3	13	5	—	—	"
Lonrho (c)	70	9	10	12	—	13	—	74p
Lonrho (c)	80	4	—	7	—	6	4	"
Lonrho (c)	90	1½	4	3	—	4	—	"
P & O (c)	110	18	7	22	—	—	—	122p
P & O (c)	120	14	—	18	1	22	—	"
P & O (c)	130	7	10	12	10	16	2	"
Racal (c)	420	32	35	47	—	60	—	425p
Racal (p)	390	10	28	13	10	23	—	"
Racal (p)	420	20	2	26	2	33	—	"
RTZ (c)	460	22	3	47	5	62	—	450p
RTZ (p)	420	10	—	15	2	17	—	"
RTZ (p)	460	18	—	27	10	30	—	"
RTZ (p)	550	107	—	112	10	—	—	"
Vaal Rfs. (c)	60	8	5	10	—	12	—	$67
Vaal Rfs. (c)	70	3½	—	5½	—	6½	5	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$400	9	22	61	30 A	—	—	$399.60
GOLD C	$425	44	12 A	—	—	—	—	"
GOLD C	$450	9	5.50 A	—	—	—	—	"
GOLD C	$475	32	2	7	10	—	—	"
GOLD P	$375	50	5	—	—	7	15	"
GOLD P	$400	55	12.50	—	—	—	—	"
GOLD P	$425	12	25 B	—	—	—	—	"
13¾ NL 81 87-91								
C	F.107.50	—	—	—	—	10	1.90	F.106.30
P	F.105	—	—	20	1.20	—	—	"
12 NL 81 85-88								
P	F.102.50	20	1.20	—	—	—	—	F.102
10¾ NL 80 86-95								
C	F.95	20	2.80 B	—	—	—	—	F.96.70
C	F.97.50	—	—	—	—	430	1.90	"
P	F.92.50	50	0.20	—	—	—	—	"
P	F.97.50	—	—	—	—	100	2.50	"
		Jan.		April		July		
AKZO C	F.22.50	47	0.50	15	2.10	10	2.0	F.23.10
AKZO C	F.25	—	—	25	1	11	1.50	"
AKZO P	F.22.50	—	—	70	1.40	—	—	"
HEIN C	F.40	16	6.50	—	—	—	—	F.46.40
HEIN C	F.50	—	—	7	1.60	—	—	"
HOOG C	F.15	—	—	—	—	10	2.80	F15.60
HOOG C	F.17.50	—	—	20	0.90	12	1.50	"
IBM C	$60	—	—	27	1½	—	—	$56½
KLM C	F.100	11	1.30	5	8	5	12	F.94.80
KLM C	F.110	12	0.50 A	12	5	—	—	"
KLM C	F.120	—	—	7	2.40	—	—	"
KLM P	F.80	—	—	100	1	—	—	"
KLM P	F.90	76	1.20	13	3.50	6	5	"
KLM P	F.100	5	7	—	—	—	—	"
NEDL C	F.140	36	2.50	—	—	—	—	F.138.80
NEDL P	F.130	—	—	—	—	7	6.80	"
NEDL P	F.140	—	—	25	6.60	—	—	"
NEDL P	F.160	29	12.50	—	—	—	—	
NATN C	F.115	—	—	15	2.60	—	—	F.109.20
NATN P	F.110	5	1.80	—	—	—	—	"
PETR C	Fr.5000	—	—	6	250	—	—	Fr.4600
PHIL C	F17.50	—	—	—	—	17	3.10	F.19.30
PHIL C	F.20	60	0.30	187	1.30	132	1.70	"
PHIL C	F.22.50	—	—	20	0.50	—	—	"
PHIL C	F.25	—	—	12	0.20	—	—	"
PHIL P	F17.50	—	—	—	—	50	0.60	"
PHIL P	F.20	70	0.80	—	—	65	1.50	"
PHIL P	Fr.22.50	—	—	10	3.30	20	3.30	"
PHIL P	Fr.25	10	5.70	—	—	—	—	"
POLA C	F.20	24	1½	—	—	—	—	$21
RD C	F.80	77	6	—	—	2	11.70	F.88
RD C	F.90	266	1	83	4.70	24	6.30	"
RD C	F.100	—	—	45	1.70	10	3	"
RD P	F.80	10	0.50	30	1.90	31	3.80	"
RD P	F.90	33	5	25	7	—	—	"
UNIL C	F.140	16	9	—	—	—	—	F.148.20
UNIL C	F.150	17	1.90	27	7	—	—	"
UNIL C	F.160	16	0.10	—	—	—	—	"
		Feb.		May		Aug.		
BASF C	DM.140	244	3.70	—	—	—	—	DM138.10
MANN C	DM.160	50	3	20	9.50	—	—	DM154.40
MANN C	DM.170	—	—	20	4.50	—	—	"
VW C	DM.130	15	7 B	—	—	—	—	DM 133

TOTAL VOLUME IN CONTRACTS: 5381

A=Asked B=Bid C=Call P=Put

Companies and Markets

CURRENCIES, MONEY and GOLD

Pound improves in quiet trading

Currencies traded within a narrow band in currency markets yesterday amid pre-Christmas lethargy. Sterling showed a small overall improvement with little to influence the market other than higher UK interest rates.

The dollar was slightly weaker despite a rise in Eurodollar rates with the level of business low enough to make currency movements generally erratic.

European currencies were little changed within the European Monetary System yesterday. The French franc returned to the top of the system, displacing the Irish punt while the Belgian franc showed a weaker tendency, and slipped below the Italian lira. The D-mark remained the weakest member, comfortably within its divergence limit.

STERLING — trade weighted index (Bank of England) rose to 90.2 from 90.0, having stood at 90.1 at noon and 89.9 in the morning. Against the dollar sterling opened at $1.8180 and eased to $1.8780 before coming back to $1.8850 at noon. During the afternoon it touched a best level of $1.8900 but came back to close at $1.8850-1.8870, a rise of 1.4c. Against the D-mark it rose to DM 4.2825 from DM 4.2700 and SwFr 3.4150 from SwFr 3.4050.

DOLLAR — trade weighted index (Bank of England) fell to 107.4 from 107.6. The dollar fell to DM 2.2710 against the D-mark from DM 2.2815 and SwFr 1.8100 from SwFr 1.8200. It was also down in terms of the Japanese yen at Y219.25 compared with Y219.85.

D-MARK—Showing a slightly firmer tendency compared with levels set after October's reshuffle in the European Monetary System. However, against the dollar the D-mark has steadily lost ground this month although it is still much firmer than levels touched earlier this year—Trading remained at a low level ahead of the Christmas break and the D-mark showed little overall change at yesterday's fixing in Frankfurt. The dollar was fixed at DM 2.2705 compared with DM 2.2842 and sterling eased to DM 4.2810 from DM 4.2940. Within the EMS the French franc was fixed higher at DM 39.54 per FFr 100 from DM 39.53, while the Belgian franc eased to DM 5.935 per BFr 100 from DM 5.956. Elsewhere the Swiss franc rose to DM 1.2580 from DM 1.2525.

DANISH KRONE — Showing little change against its EMS partners despite problems in trying to form a coalition Government. However on the economic front a widening current account deficit and foreign debt payments are likely to leave little room for manoeuvre for any incoming Government — The krone showed little change at yesterday's fixing in Copenhagen. The dollar eased to DKr 7.3850 from DKr 7.4175 and sterling was lower at DKr 13.9175 compared with DKr 13.96. On the other hand the D-mark rose to DKr 3.2530 from DKr 3.2460 and the French franc was higher at DKr 1.2843 against DKr 1.2835.

THE POUND SPOT AND FORWARD

Dec 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8780-1.8900	1.8850-1.8870	0.38-0.28c pm	2.10	0.91-0.81 pm	1.82
Canada	2.2250-2.2350	2.2275-2.2295	0.10-0.20c dis	−0.81	0.30-0.50dis	−0.71
Nethlnd.	4.68-4.72	4.69½-4.70½	2½-1½c pm	4.79	5¼-4½ pm	4.38
Belgium	71.50-72.50	71.70-71.90	75-115c dis	−15.88	116-165 dis	−7.80
Denmark	13.87-13.94	13.91-13.93	3¾-2¼ore pm	2.37	5¾-4¼ pm	1.44
Ireland	1.1970-1.2050	1.2005-1.2025	0.25-0.38p dis	−3.15	0.76-1.00dis	−2.93
W. Ger.	4.27-4.30	4.27¾-4.28¾	1¾-1½pf pm	4.20	5-4½ pm	4.44
Portugal	123.00-124.00	123.45-123.75	20-180c dis	−9.71	60-390 dis	−7.28
Spain	183.20-184.25	184.00-184.20	20c pm-25 dis	−0.16	10-50 dis	−0.65
Italy	2,278-2,286	2,279-2,281	10-13lire dis	−6.05	37-42 dis	−6.93
Norway	10.94-11.05	11.00-11.02	par-2ore dis	−1.09	2½-½ pm	0.54
France	10.81-10.85	10.83¾-10.84¾	¼-1¼c dis	−0.83	4½-5½ dis	−3.04
Sweden	10.49-10.54	10.53-10.54	2¾-1⅞ore pm	2.49	8¾-7⅞ pm	3.13
Japan	410-415	413-414	3.30-3.00y pm	9.14	8.85-8.45 pm	8.37
Austria	29.92-30.07	29.95-30.00	16-14gro pm	6.00	47-37 pm	5.60
Switz.	3.39½-3.43½	3.41-3.42	1⅝-1⅛c pm	4.83	4⅝-4⅛ pm	5.12

Belgian rate is for convertible francs. Financial franc 79.65-79.75. Six-month forward dollar 0.96-0.86c pm. 12-month 1.30-1.10c pm.

THE DOLLAR SPOT AND FORWARD

Dec 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8780-1.8900	1.8850-1.8870	0.38-0.28c pm	2.10	0.91-0.81 pm	1.82
Ireland†	1.5640-1.5750	1.5675-1.5725	0.75-0.65c pm	5.35	1.85-1.75 pm	4.71
Canada	1.1823-1.1855	1.1827-1.1832	0.29-0.32c dis	−3.09	0.75-0.80dis	−2.62
Nethlnd.	2.4850-2.5000	2.4950-2.5000	0.55-0.45c pm	2.40	1.68-1.58 pm	2.61
Belgium	38.09-38.30	38.09-38.11	40-60c dis	−15.63	75-105 dis	−9.38
Denmark	7.3775-7.4000	7.3775-7.3875	0.80-0.55ore pm	1.10	¼ pm-¼ dis	—
W. Ger.	2.2680-2.2780	2.2705-2.2715	0.41-0.33pf pm	1.95	1.56-1.48 pm	2.68
Portugal	65.40-66.00	65.40-65.70	25-105c dis	−11.90	65-235 dis	−9.15
Spain	97.40-97.65	97.55-97.65	20-30c dis	−3.07	55-75 dis	−2.66
Italy	12.09-12.13	12.09-12.11	7½-9lire dis	−8.17	25-27 dis	−8.59
Norway	5.8350-5.8600	5.8350-5.8450	1.20-1.60ore dis	−2.88	1.70-2.20dis	−1.33
France	5.7400-5.7600	5.7500-5.7550	1.40-1.80c dis	−3.13	5.25-5.75dis	−3.82
Sweden	5.5730-5.5800	5.5800-5.5850	0.25-0.10ore pm	0.38	1.90-1.75 pm	1.31
Japan	219.00-220.00	219.20-219.30	1.35-1.20y pm	6.98	3.70-3.55 pm	6.61
Austria	15.91½-15.96	15.95-15.98	5¼-3¼gro pm	3.38	17-13 pm	3.76
Switz.	1.8070-1.8170	1.8095-1.8105	0.51-0.43c pm	3.12	1.66-1.58 pm	3.58

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 22	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.2	−33.5
U.S. dollar	107.4	+0.9
Canadian dollar	89.0	−16.0
Austrian schilling	116.6	+24.5
Belgian franc	105.5	+8.8
Danish kroner	87.0	−10.3
Deutsche mark	121.9	+43.5
Swiss franc	153.5	+105.2
Guilder	114.1	+19.3
French franc	80.6	−14.5
Lira	55.5	−57.5
Yen	145.6	+39.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Dec. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.615287	0.571001
U.S. $	12	1.15735	1.07234
Canadian $	16.15	1.37390	1.27480
Austria Sch.	6¾	18.5315	17.1574
Belgian F	15	44.4741	41.1832
Danish Kr	11	8.58464	7.94872
D mark	7½	2.64362	2.44762
Guilder	9	2.88932	2.67710
French Fr	9½	6.68948	6.19159
Lira	19	1409.49	1305.04
Yen	5½	254.964	236.593
Norwgn. Kr.	9	6.75545	6.27319
Spanish Pts.	8	113.305	104971
Swedish Kr.	11	6.48174	5.99116
Swiss Fr	5	2.11101	1.95488
Greek Dr'ch.	20½	—	62.0563

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.2496	+1.21	+0.52	±1.5388
Danish Krone	7.91117	7.95168	+0.51	−0.18	±1.6412
German D-Mark	2.40989	2.44580	+1.49	+0.80	±1.1077
French Franc	6.17443	6.18797	+0.22	−0.47	±1.3733
Dutch Guilder	2.66382	2.68591	+0.83	+0.14	±1.5063
Irish Punt	0.684452	0.686035	+0.23	−0.46	±1.6688
Italian Lira	1300.67	1304.46	+0.29	+0.29	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for December 22 ... 0.570605

OTHER CURRENCIES

Dec. 22	£	$		£ Note Rates
Argentina Peso	13,526-13,546†	7171-7191†	Austria	29.80-30.10
Australia Dollar	1.6695-1.6715	0.8850-0.8855	Belgium	79.50-81.50
Brazil Cruzeiro	235.31-236.31	124.80-125.42	Denmark	13.81-13.95
Finland Markka	8.256-8.297	4.3870-4.3920	France	10.75-10.90
Greek Drachma	106.640-109.929	57.45-57.65	Germany	4.25-4.30
Hong Kong Dollar	10.63-10.65	5.6450-5.6550	Italy	2230-2275
Iran Rial	149.50*	79.50*	Japan	412-419
Kuwait Dinar (KD)	0.527-0.533	0.2818-0.2821	Netherlands	4.65-4.70
Luxembourg Fr	71.70-71.90	38.09-38.11	Norway	10.97-11.07
Malaysia Dollar	4.2330-4.2430	2.2480-2.2550	Portugal	129-134
New Zealand Dlr.	2.2870-2.2890	1.2135-1.2145	Spain	182¼-192
Saudi Arab. Riyal	6.39-6.45	3.4190-3.4220	Sweden	10.45-10.55
Singapore Dollar	3.8650-3.8750	2.0525-2.0555	Switzerland	3.38½-3.42½
Sth. African Rand	1.8190-1.8210	0.9645-0.9655	United States	1.87¾-1.89¾
U.A.E. Dirham	6.87-6.93	3.6710-3.6740	Yugoslavia	88-93

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 18,698-18,716 and for the dollar 9,900-9,850. *Selling rate.

EXCHANGE CROSS RATES

Dec. 22	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.886	4.283	413.5	10.845	3.415	4.700	2280.	2.229	71.80
U.S. Dollar	0.530	1.	2.271	219.2	5.749	1.811	2.492	1209.	1.182	38.07
Deutschemark	0.234	0.440	1.	96.56	2.532	0.797	1.097	532.4	0.520	16.77
Japanese Yen 1,000	2.418	4.561	10.36	1000.	26.22	8.259	11.37	5514.	5.389	173.6
French Franc 10	0.922	1.739	3.950	381.4	10.	3.150	4.335	2103.	2.056	66.22
Swiss Franc	0.293	0.552	1.254	121.1	3.175	1.	1.376	667.6	0.653	21.02
Dutch Guilder	0.213	0.401	0.911	87.98	2.307	0.727	1.	485.1	0.474	15.28
Italian Lira 1,000	0.439	0.827	1.878	181.4	4.755	1.498	2.061	1000.	0.977	31.49
Canadian Dollar	0.449	0.846	1.922	185.5	4.865	1.532	2.109	1023.	1.	32.22
Belgian Franc 100	1.393	2.627	5.964	575.9	15.10	4.756	6.546	3175.	3.104	100.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 22)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 13/16	offer 13 15/16	bid 14 13/16	offer 14 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅛-14¾	12¼-12½	15-16	10½-10¾	⅛-1	10½-10⅝	14⅞-15⅜	17-19½	17-31	5¾-6
7 days' notice	14⅞-15⅛	12½-12⅝	15-16	10½-10¾	¾-1¼	13½-14	14⅞-15⅜	18-21¼	23¼-25	6⅜-6⅝
Month	15 5/16-15 11/16	13⅛-13⅜	15⅞-16¼	11 1/16-11 3/16	10 1/16-10 3/16	11 5/16-11 7/16	15⅝-15⅛	20¾-22⅜	27-33½	6⅞-7
Three months	15⅞-16	13⅝-13⅞	16½-16⅞	11 1/16-11 3/16	10-10⅛	11⅛-11¼	17-17⅛	22¾-23⅝	22¼-24¾	6 15/16-7 1/16
Six months	15⅞-16	14 11/16-14 15/16	17-17⅜	11 1/16-11 3/16	9 5/16-9 7/16	10 15/16-11 1/16	18½-19	23⅞-24⅝	21⅛-24	7¼-7⅜
One Year	15⅛-15⅝	14⅜-14⅝	16¾-17⅛	11 1/16-11 3/16	8¾-8⅞	10⅛-10⅝	18⅝-19⅛	23⅝-24⅜	18¼-21¼	7⅛-7¼

SDR linked deposits: one month 12⅝-12⅞ per cent; three months 12 13/16-13 3/16 per cent; six months 13 7/16-13 11/16 per cent; one year 13 5/16-13 9/16 per cent.

ECU linked deposits: one month 14⅛-14⅜ per cent; three months 14⅞-15⅛ per cent; six months 15 1/16-15 7/16 per cent; one year 14⅛-14⅜ per cent.

Asian $ (closing rates in Singapore): one month 13 5/16-13 7/16 per cent; three months 13⅞-14 per cent; six months 14⅛-14⅞ per cent; one year 14⅛-14½ per cent.

Long-term Eurodollar two years 15-15¼ per cent; three years 15⅛-15⅜ per cent; four years 15⅛-15½ per cent; five years 15⅛-15⅜ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.10-13.20 per cent; three months 13.40-13.50 per cent; six months 14.20-14.30 per cent; one year 14.20-14.30 per cent.

MONEY MARKETS

Full supply

London clearing bank base lending rates 14½ per cent (since December 4)

Day to day credit was in good supply in the London money market yesterday and the authorities mopped up some of the surplus, the first time funds have been drained since late September. The Bank of England gave an early forecast of a surplus of £50m. Among the factors affecting the market were bills maturing in official hands −£50m, a rise in the note circulation −£40m, offset by Exchequer transactions +£150m. Later in the day the surplus was amended to one of £150m and although the Bank did not intervene in the morning, it sold £26m of Treasury bills at 13⅞-14¼ per cent, maturing tomorrow. Maturing outside official hands, these will help a little towards alleviating today's expected shortage.

A surplus of funds kept short term rates little changed from Monday. Overnight money in the interbank market opened at 14⅝-14⅞ per cent and eased to 14¼-14½ per cent on the early forecast and stayed there for most of the day's trading. Rates fell away later in the day to 3-5 per cent. Discount houses were paying up to 14¾ per cent for secured call loans but some funds were taken later in the day as low as 1 per cent. One week interbank money was quoted at 15 per cent unchanged from Monday while longer term rates reflected a further rise in Eurodollar rates and expectations of tight conditions in the money market over the next few months.

In Frankfurt call money continued to rise and was quoted at 10.60 per cent up from 10.50 per cent earlier in the week. The Bundesbank injected an unspecified amount into the money market through currency swaps to ease the shortage. This has been caused primarily by large tax payments and banks attempting to build up minimum reserves. Funds acquired through the special Lombard facility have risen sharply to DM 6¼bn and banks will be anxious to see this figure fall. The effects of pension payments at the end of the month is likely to be countered a fall in the note circulation after the Christmas period but the Bundesbank may still have to add further liquidity to the system.

In Paris call money was fixed at 15¼ per cent down from 15½ per cent on Monday and its lowest level since early May. The rate has fallen from a high of 20 per cent in June and was fixed just over a week ago at 15¾ per cent since when the rate has been reduced every day.

MONEY RATES

NEW YORK

Prime rate	15¾
Fed. funds	12⅝-12¾
Treasury bills (13-week)	11.08
Treasury bills (26-week)	11.52

GERMANY

Special Lombard	10.50
Overnight rate	10.60
One month	11.80
Three months	11.15
Six months	10.70

FRANCE

Intervention rate	16.125
Overnight rate	15.125
One months	16.1875
Three months	15.1875
Six months	16.25

JAPAN

Discount rate	5.5
Call (unconditional)	6.59125
Bill discount (three-month)	6.65625

LONDON MONEY RATES

Dec. 22 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	1-14¾	14⅛-14¾	—	—	14-15	1-14¼	—	—	—
2 days notice	—	—	15⅛-15¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅞-15⅛	15¼	—	—	15⅛-15⅜	14¼-14⅜	—	—	—
One month	15½-15⅜	15⅜-15 5/16	15⅜	16⅛-15¾	15 5/16	15¾	14½	14½-14⅝	14 9/16-14 11/16	15¾
Two months	15 9/16-15 11/16	15 11/16-15⅞	—	16⅛-15¾	15¾	16⅜	14½	14 9/16-15	14 9/16-14 11/16	15¾
Three months	15⅞-15¾	15⅞-16 1/16	15⅞	16⅛-15¾	16	—	14⅝-14½	14⅞-15	15 1/16-15⅛	15¾
Six months	15 15/16-15 13/16	15⅞-16 1/16	15⅞	15½-15⅛	16	—	—	—	14⅝-14 11/16	15¼
Nine months	15⅝-15½	15⅝-15 13/16	—	16-15⅝	15¾	—	—	—	—	—
One year	15¼-15⅜	15 5/16-15¾	15½	15⅞-15½	15⅝	—	—	—	—	—
Two years	—	—	15½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15¾ per cent; four years 15¾ per cent; five years 15⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 1/16-15⅛ per cent; four months trade bills 15¾ per cent.

Approximate selling rate for one month Treasury bills 14½-14⅝ per cent; two months 14 7/16-14⅞ per cent; three months 14⅝-14⅞ per cent. Approximate selling rate for one month bank bills 14 15/32-14 11/16 per cent; two months 14 23/32-14 23/32 per cent; and three months 14 25/32 per cent; one month trade bills 15½ per cent; two months 15½ per cent; three months 15½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from December 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 12½-12⅝ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.0160.

GOLD

Further decline

Gold fell below $400 in the London bullion market yesterday in quiet pre-Christmas trading. The market was dominated by stop loss selling out of the U.S. and the metal touched a low of $397½-398½ at one point. It recovered to close at the same level as the opening at $403¾-404¾, a fall of $3¼ an ounce.

In Paris the 12½ kilo bar was fixed at FFr 75,300 per kilo ($407.24 per ounce) in the afternoon compared with FFr 75,300 ($407.31) in the morning and FFr 77,500 ($417.04) on Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 29,590 per kilo ($405.00 per ounce) against DM 30,485 ($414.97) previously and closed at $399-400 against $410-411.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $403.50 against $413.80. In Zurich gold finished at $399-402 from $409-412.

	Dec. 22		Dec. 21	
Gold Bullion (fine ounce)				
Close	$403¾-404¾	(£214-214½)	$407-408	(£216½-217)
Opening	$403¾-404¾	(£214¾-215¼)	$413½-414½	(£220-220½)
Morning fixing	$403.75	(£214.077)	$413.75	(£219.729)
Afternoon fixing	$399.60	(£211.877)	$410.50	(£218.005)
Gold Coins				
Krugerrand	$412-413	(£218½-219)	$418-419	(£222½-223)
1/2 Krugerrand	$212-213	(£112½-113)	$215-216	(£114½-115)
1/4 Krugerrand	$108-109	(£57¼-57¾)	$109½-110½	(£58¼-58¾)
1/10 Krugerrand	$44-45	(£23¼-23¾)	$44¾-45¾	(£23¾-24¼)
Mapleleaf	$413-414	(£219-219½)	$419-420	(£223-223½)
New Sovereigns	$98½-99	(£52¼-52½)	$100-100½	(£53¼-53½)
King Sovereigns	$115-116	(£61-61½)	$116-117	(£61¾-62¼)
Victoria Sovs.	$115-116	(£61-61½)	$116-117	(£61¾-62¼)
French 20,s	$97-107	(£51½-56¾)	$98-108	(£52-57½)
50 pesos Mexico	$496-499	(£263-264½)	$502-505	(£267¼-268¾)
100 Cor. Austria	$389-393	(£206¼-208½)	$393-397	(£209¼-211¼)
20 Eagles	$505-509	(£267¾-270)	$506-511	(£269¼-272)

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | US$13.90 | ... | —
Inv. Adv.: M. & G. Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Commod. Tst.	38.1	39.5	...	6.60
Chinese Fund	34.1	37.5	...	9.60
Precious Metal Fund	147.8	153.7	...	—
Vanguard Cmdy. Fd.	45.9	47.1	...	—
Financial Futures Fd.	107.7	112.7	...	—
Wren Intl. Fnd.	—	US$1	...	—

*Initial offer period closing Dec. 31.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2
Tel: 01-377 1040. Telex 8814408.
Euro Hldgs. | US$20.80 | 21.40 | ... | 9.50

London Agents: Robt. Fleming & Co. Tel: 01-283 2400

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INTERNATIONAL COMPANIES and FINANCE

Ian Hargreaves on a gloomy forecast for the U.S. steel industry

Tubular goods demand past its peak

U.S. STEELMAKERS' profits from selling tubular goods to the oil industry (the only bright spot for steel men in 1981), have peaked and could be weaker for as long as four years.

This gloomy analysis has been produced by Mr Peter Marcus, the respected steel analyst of Paine Webber Mitchell Hutchins, who says in a report that the current level of oil company tubular goods deliveries will not be justified by real demand for about four years.

Mr Marcus says that by the end of this year, inventories of these goods will be at 150 per cent of normal, so that even asuming a 21 per cent increase in consumption next year, shipments by U.S. tubular producers will decline by 25 per cent.

This build-up of stocks, says Mr Marcus, has already produced significant price weakness, especially for certain types of lower-strength welded casing and tubing.

The analysis shows that tubular goods shipments from U.S. mills in 1981 will be 4.2m tons, up 71 per cent from last year, with U.S. Steel, Jones and Laughlin (a division of LTV), and Lone Star Steel supplying 66 per cent of the market. On top of this, however, will be 3.15m tons of other shipments, mainly from foreign producers and from a handful of small U.S. mills not included in U.S. statistics.

The total of 7.2m tons is well in excess of the estimated U.S. consumption of 4.7m tons. That is why stocks of this type of steel are now running at up to 5.7m tons, depending on the way the stock level is calculated.

Mr Marcus suggests that in 1982 tubular goods consumption might rise by 7 per cent to 5m tons, but because of high stocks that would cause a 40 per cent drop in shipments to 4.3m tons.

The effect of this downturn in shipments will be felt most strongly in the domestic mills, he says, because the bulk of foreign imports is protected by long-range supply agreements, many of them made between domestic producers and foreign steelmakers, such as the deals between U.S. Steel and Dalmine of Italy.

The U.S. producers have argued in the past that their deals with foreign mills, which are concerned almost exclusively with high-strength seamless pipe and tube, would not be affected by any general oversupply.

Mr Marcus, however, says that as prices drop for lower strength welded products, oil companies will be tempted to use these cheaper products

Overall, Mr Marcus is forecasting U.S. steel industry shipments next year of 82-90m tons, compared with an estimated 87m tons, this year. He thinks that imports will fall from 19.5m tons this year to 17m tons. Only a quota restriction system, he argues, would seriously reduce import penetration.

According to Paine Webber's steel price tracking system, U.S. steel prices are still expensive in comparison with those in other parts of the world, which is the basic reason for so much steel being sucked into the U.S.

For cold-rolled sheet, Paine Webber shows a U.S. east coast spot price of $440 per net ton, which is $52 below the list price, but which compares with $378 at the Franco-German border, $368 in Western Canada, and $406 in Japan.

Electrolux expects halved earnings

By William Dullforce, Nordic Editor, in Stockholm

ELECTROLUX, the Swedish household appliances group, said yesterday that its pre-tax profit in 1981 would be less than half the SKr 1bn ($182m) it earned last year on a turnover of SKr 22.8bn. It added, however, that by selling hydro-electric power plants to the state power board and other buyers, it would secure an extraordinary income after tax of about SKr 800m.

Against that Electrolux will have to inject new capital amounting to SKr 375m into Svenskt Staal (SSAB), the troubled Swedish steel company which it owns in partnership with the state.

It will be the first time since 1975 that Electrolux has failed to increase earnings. During that period the group has expanded strongly through acquisitions.

Mr Gösta Bystedt, the managing director, told the annual general meeting in May that 1981 earnings should fall between SKr 700m and SKr 1bn. At the half-way stage the group reported earnings of SKr 261m against SKr 501m for the first six months of 1980, and the 1981 profit forecast was cut to between SKr 600m and SKr 700m.

Electrolux said yesterday that group earnings, excluding the Gränges metals and engineering company acquired last year, would reach about SKr 500m before currency losses. Gränges would incur a loss of SKr 50m, but the extraordinary income will come from the sale of its power plants.

The group attributed this year's profit setback to dampened demand for group products in Western Europe and the weakening of the U.S. economy in the latter part of the year.

Difficulties in adjusting output to lower demand in the first half had led to increased stocks.

Harvester near $4.1bn debt restructuring deal

BY IAN HARGREAVES IN NEW YORK

INTERNATIONAL Harvester, the Chicago-based truck and farm machinery company, expects today to complete negotiations with about 200 banks for the restructuring of the company's $4.1bn debt. It said yesterday: "It's looking good and we are optimistic."

The deal has been under negotiation for most of this year. The restructuring is needed to reduce Harvester's crippling burden of interest payments and represents the company's only hope of financial stability in the short- to medium-term.

Harvester incurred a loss of $397m in its fiscal year ended in October. Since then conditions in the farm machinery market have become even worse.

The banks have decided, however, that in spite of the gloomy prospects for the company in the near-term, they stand to lose more by abandoning the company now than by committing themselves to keep its loans in place for the next two years—the life of the agreement.

In return for rolling over the debt and for providing ceilings on the level of interest Harvester will have to pay in cash, the banks will be given some asset collateral and notes to cover the value of the foregone cash interest payments.

As a result of the package, the banks could become major shareholders in Harvester, whose shares in late 1979 were selling for $45 each but this week were limping along at just over $6.

Once the deal with the banks is in the bag, Harvester's next task will be to persuade its hourly-paid workforce to give up $100m of pay and benefits in the next 10 months. Although relations between the company and the United Autoworkers' Union were soured by a long strike in 1979, which the union believed was rashly precipitated by an unreasonable new top management, the climate for agreeing to the concessions is quite good.

The UAW has recently agreed to allow its contracts with Ford and General Motors to be re-opened, in response to the severe impact the latest economic downturn is certain to have on motor company profits.

Warner may buy Tribune's Daily News

By Our New York Staff

WARNER COMMUNICATIONS, the rapidly growing communications and entertainment group, is considering buying the New York Daily News from the Tribune Group of Chicago.

Warner confirmed that it had held preliminary talks, having been approached by Tribune, which disclosed a few days ago that it had decided to sell the loss-making morning newspaper.

Warner is thought to be one of several companies talking with Tribune about the News which is expected to lose $12m this year.

Warner has other publishing interests, including books, Mad Magazine and DC comics. It does not currently own newspapers.

The group suffered its first profits reverse for six years in fiscal 1980 with net earnings sliding from $201m or $3.70 a share to $137m or $2.38 a share despite a rise in operating revenues from $1.65bn to $2.06bn.

The records, tapes and music sector contributed 37 per cent of profits and 39 per cent of revenues, toys and electronic games returned 31 per cent and 25 per cent respectively, while filmed entertainment earned 27 per cent on 33 per cent of sales. The publishing division contributed only 5 per cent of profits and 3 per cent of revenues.

Sharp turnround at Pillsbury

BY OUR FINANCIAL STAFF

PILLSBURY, the diversified U.S. food group which owns the Burger King fast food chain, had a strong upturn in second quarter profits after a first period setback.

Net profits were $45m, or $2.08 a share, up 16 per cent from the second quarter of last year. Profits had fallen 19 per cent in the first quarter to $1.16 a share.

Second quarter sales rose 2.6 per cent to $916.8m to bring the first half sales to $1.66bn, up 3 per cent.

Pillsbury said it expected the rate of growth of profits to accelerate in the second half ending May 31. It earned $2.59 a share in the second half of last year.

Earlier this fiscal year the company said one factor in its upturn was an improved performance from grain trading and transport.

● International Multifoods, the food processor with a wide range of consumer products and which like Pillsbury is Minneapolis-based, has reported a 16 per cent rise in third quarter net profits. They reached $12.5m, or $1.55 a share, compared with $10.8m a year earlier, although sales fell by 4 per cent to $299.2m.

This brought profits for the nine months ended November 30 to $22.4m, a rise of 20 per cent from $18.6m a year earlier.

Nine months sales rose 7 per cent to $857.4m.

The company has been focusing on expanding its consumer lines, donut shops and higher margin products in the industrial and agricultural sectors.

● Carnation, the dairy and grocery products company, said a change in its accounting procedures for translation of foreign currency transactions will increase the previously reported nine months net income by 54 cents a share to $3.49. The year earlier figure will be restated downwards to $2.99 from $3.05.

The company also said that fourth quarter results will continue to show an improvement from the year earlier figures when it earned $1.10 a share.

Profits decline at General Mills

BY OUR FINANCIAL STAFF

DISAPPOINTING results are reported by General Mills for its second quarter (normally the most profitable period for the group) ended November 29. Net earnings fell 8½ per cent, from $84.2m to $77m on sales 7.2 per cent up from $1.39bn to $1.49bn.

Due to a strong first quarter, however, profits of the group, a leading factor in the U.S. package food industry, show a 10 per cent gain at the halfway stage. Six-month earnings totalled $141.6m against $128.4m. Sales for the period increased 14.5 per cent from $2.48bn to $2.84bn.

At the per share level, half-year earnings equalled $2.80 against $2.55 last year with the second quarter contributing $1.53 against $1.67.

Through a series of acquisitions, General Mills has established important positions in other consumer-related areas, including crafts, games and toys, furniture, clothing, specialty retailing and restaurants.

Despite the second quarter downturn, the directors are confident of record results for the full year. Fiscal 1981 earnings totalled a record $3.90 a share.

Meanwhile, the latest returns include an estimated loss of five cents a share from the sale of certain operations. They also include a loss of eight cents a share from foreign currency translation, against a gain of two cents a share last year.

Royal Dutch Shell severs link with General Atomic

BY PAUL BETTS IN NEW YORK

THE Royal Dutch/Shell group has all but ended its unhappy eight-year association with Gulf Oil in General Atomic, a U.S. nuclear venture between the two.

Gulf, the fifth largest U.S. oil company, jointly announced with Scallop Nuclear, a U.S. subsidiary of Royal Dutch/Shell, that they agreed to realign General Atomic. In effect the Shell group is pulling out of all new business, which is to be taken over by Gulf, while retaining its share of assets and liabilities from old business.

The partnership was originally set up in 1973, but Shell disassociated itself from the uranium supply business of General Atomic three years ago after the string of law suits filed against Gulf after the U.S. oil company was accused of being part of a cartel of uranium producers which fixed prices.

These law suits, which have now all been settled by Gulf, covered a number of uranium contracts which dated from before the General Atomic partnership was formed.

The Shell group has for long indicated it wanted to sever all remaining ties in the General Atomic joint venture. The latest move also reflects the broad changes now taking place at Royal Dutch/Shell, where emphasis is being increasingly placed on oil and gas exploration and production.

Gulf and Royal Dutch/Shell will remain partners in a group called SG Associates, which will be responsible for all the remaining assets and liabilities of the partnership, including those liabilities related to business carried on before the transfer date to Gulf ownership.

PPG Industries hit by weak fourth quarter

By Our Financial Staff

PPG Industries, the U.S. glass and chemicals group, expects a modest decline in earnings for 1981.

The company, which earlier this week acquired 67 per cent of Boussois glass-making group of France, said yesterday that two of its major markets, housing and cars, had been weak.

In 1980 PPG reported net income of $209.2m.

PPG said that "while earnings had been maintained above 1980 levels through the first three quarters of the year, the accelerated slowdown of the economy during the fourth quarter has caused earnings for the year to fall behind 1980."

Nevertheless, all major product lines have continued to be profitable. The company is on target with capital spending, which should approach the 1980 level of about $400m.

Exxon to spend more in 1982

EXXON CORPORATION plans capital spending of $13.5bn in 1982, up 22 per cent from this year's estimated total, Reuter reports from New York.

Oil, gas, coal, nuclear, synthetic fuels, and other energy investments will account for over 90 per cent of the 1982 total, and chemicals will account for most of the rest.

Exxon said about $7bn will be spent in the U.S., with three-quarters of this targeted for exploration of oil and gas resources. The company plans to spend about $715m on research and development in 1982, up 15 per cent from 1981.

Loews to lift Firestone stake

By Our Financial Staff

LOEWS CORPORATION, the cigarettes and insurance group, is to increase its holding in Firestone Tire and Rubber Company to more than 15 per cent. Firestone said yesterday Loews did not give any indication of its current holding in the tyre company.

Firestone added that it intended to buy up to 5m of its own common shares on the open market. Firestone has about 57.1m common shares outstanding.

In November Firestone announced it would buy back up to 10m of its shares, or 17 per cent of the 57.7m shares then outstanding, for $11.50 each. At that time Firestone also said it reserved the right to accept an additional 5m shares. The offer for the 10m shares expired on December 16.

Eurodollar bonds ahead

By Our Euromarkets Staff

FIXED INTEREST Eurodollar bonds moved up by around ½ point yesterday in a quite pre-Christmas market.

This was despite a marginal gain in the six-month Eurodollar rate which put on ⅛ point to 14⅛. Such movements have little significance at all, dealers said, as the professional bond dealing market has now come to a virtual stop ahead of Christmas.

A similar situation existed on the Continent where D-mark foreign bond prices were about unchanged in thin dealings.

In Switzerland the new SwFr 100m issue for Electricite de France entered the unofficial secondary market at a price of 99, ¾ points down on its issue price. This was the first major bond by a French state entity since July when the French Government called a halt to new issues on the Swiss market because of investor reaction to the change in government.

Other Swiss bonds were unchanged to slightly firmer.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday January 12.

Closing prices on December 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101⅛	101⅝	0	+0⅛	16.12
APS Fin. Co. 17¾ 86	60	102⅜	102⅞	0	+0⅛	16.36
Armco O/S Fin. 15⅜ 86	60	99½	100	0	+0½	15.43
Bank Montreal 16¼ 91	150	100⅜	100⅞	+0⅛	+0⅛	16.11
Br. Colum. Hyd. 16¼ 88	100	102⅛	102⅝	0	0	15.83
Br. Colum. Mla. 17 97	64	103⅛	103⅝	0	+0⅜	16.36
Can. Nat. Rail 14⅝ 91	100	95⅝	96⅛	+0⅛	0	15.45
Caterpillar Fin. 16½ 86	100	102¼	102¾	0	+0¼	15.88
CFMP 16¾ 86	100	102½	103	0	+0¼	16.23
CIBC 16¾ 91	100	102⅞	103⅜	+0⅛	0	16.06
Cincorp O/S 16¾ 86	150	102⅞	103⅜	0	−0⅛	15.72
Cities Service 17 88	150	103⅜	103⅞	0	0	16.02
Con. Illinois 14¾ 84	100	99	99½	0	+0⅛	15.01
Cons.-Bathurst 17½ 88	60	102⅜	103⅛	0	+0½	16.70
CPC Fin. 16¾ 86	50	102⅞	103⅜	−0½	−0⅛	15.69
Dupont O/S 14½ 88	400	99⅛	99⅝	+0⅛	+1⅛	14.64
EIB 16½ 88	100	102½	103	+0⅛	+0⅛	15.75
EIB 16⅝ 91	100	102⅞	103⅜	0	+0⅛	15.99
GMAC O/S Fin. 16½ 84	300	101⅛	101⅝	0	+0½	15.80
Gulf States O/S 17½ 88	60	103½	104	+0⅛	−0⅛	16.45
Nat. Bk. Canada 16½ 88	40	100⅛	100⅝	0	+0⅛	17.06
Nat. West. 14¾ 91	100	99	99½	0	0	14.90
New Brunswick 17 88	60	104⅛	104⅝	+0⅛	+0½	15.82
Newfoundland 17¼ 89	60	105⅞	106⅜	+0⅛	+0⅛	15.78
New. & Lab. Hy. 17⅝ 89	75	102⅞	103⅜	0	−0⅛	16.49
Ohio Edison Fin. 17½ 88	75	102⅜	102⅞	+0⅛	+0⅛	16.84
OKG 15⅞ 97	50	97½	98	0	−0⅛	16.14
Ontario Hyd. 16 91 (N)	200	100⅞	101⅜	+0⅛	−0⅛	15.77
Quebec Hydro. 17¼ 91	150	105⅛	105⅝	+0⅛	+0⅛	16.06
Quebec Province 15¼ 89	150	97⅞	98⅜	+0⅛	+0⅛	25.73
Saskatchewan 16¾ 88	100	100⅞	101⅜	0	0	15.97
Shell Canada 15⅝ 91	100	102⅞	103⅜	+0⅛	0	15.07
Sweden 14½ 88	150	94⅞	95⅜	0	−0⅛	15.72
Swed. Ex. Cred. 16½ 93	75	101½	102	0	+0⅛	16.14
Tenneco Int. 17 89	100	103⅞	104⅜	0	−0⅛	16.01
Texas Eastern 15⅞ 88	75	97¼	97¾	0	0	16.50
Transcanada 17¾ 83	75	104⅝	105⅛	+0⅛	+0⅛	16.43
Transcanada 16 89	100	98⅜	98⅞	+0⅛	+0½	16.22
Walt Disney 15¾ 86	100	101⅜	101⅞	0	+0⅛	15.17
Winnipeg 17 86	50	103⅝	104⅛	+0⅛	+0⅛	16.74
WMC Fin. 15½ 88	50	95⅝	96⅛	0	0	16.53
World Bank 16 86	210	101⅞	102⅜	0	+0⅛	15.21
World Bank 16 88	80	101½	102	0	−0⅛	15.48
World Bank 16½ 88	130	103½	104	+0⅛	+0⅛	15.27
World Bank 16⅞ 88	100	103	103½	0	+0⅛	15.64

Average price changes... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	100	100½	+0⅛	+0⅛	9.94
Asian Dev. Bank 10¾ 89	100	101½	102	+0⅛	−0⅛	10.40
Belgelectric 11 91	100	100⅜	100⅞	−0⅛	−0⅛	10.90
CECA 10 91	120	†101⅛	101⅝	+0½	−0⅛	9.73
Coun. of Europe 10 91	100	100½	101	0	+0⅛	9.88
Coun. of Europe 10¼ 91	100	100½	101	+0½	0	10.11
EEC 10½ 93	100	100⅜	100⅞	0	0	10.06
EIB 8½ 90	200	93	93½	0	−1⅛	9.86
EIB 10½ 91	200	†102¼	102¾	0	−0⅛	10.06
Finland, Rep. of 10½ 86	100	99½	100	−0½	−0½	10.55
Inter-American 10 91	100	†101¼	101¾	0	+1	9.73
Inter-American 10¼ 91	100	100¼	100¾	0	0	10.16
Japan Air Lines 8¼ 87	100	95½	96	−0½	−0⅛	9.08
Midland Int. Fin. 8½ 90	180	93¼	93¾	0	−0½	9.62
Mt. Bk. Dnmk. 10½ 91	100	99½	100	−0⅛	−0½	10.53
Nat. West. 11 91	125	103⅞	104⅜	−0⅛	−0⅛	10.32
New Zealand 9¾ 89	200	99⅝	100⅛	0	0	9.77
OKB 10⅛ 91	150	100⅛	100⅝	−0⅛	−0⅛	10.03
Quebec Hydro 10¼ 91	150	101⅝	102⅛	0	0	9.94
Renault Acpt. 10¾ 86	150	100⅜	100⅞	0	0	10.57
Swed. Ex. Cred. 10¼ 91	100	98⅞	99⅜	+0⅛	−0⅛	10.36
World Bank 11 91	100	103½	104	0	−0⅛	10.33
World Bank 10 91	250	100	100½	−0⅛	−0⅛	9.86

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	†94	95	+0⅛	0	7.33
Asian Dev. Bank 8 90	80	102	102½	0	−0⅛	7.66
BFCE 6½ 91	100	94½	94¾	−0⅛	−2⅛	7.32
Belgelectric Fin. 7¾ 91	100	101	101½	−0⅛	−1	7.57
Bell Canada 7¾ 93	100	104⅛	104⅝	+0½	+0⅛	6.72
Bergen, City of 6¾ 91	40	100	100½	0	−0⅛	6.72
Bet de Autopistas 8 90	50	100	100½	−0⅛	−0½	7.98
CECA 6¾ 91	80	97⅜	97⅞	+0⅛	−1⅜	7.12
Dome Petroleum 6¾ 91	100	93⅛	93⅝	−0½	−1	6.72
Dome Petroleum 7¼ 90	100	103½	103¾	+0⅛	+0¼	6.68
Franc. Petroles 6½ 91	80	95⅛	95½	−0⅛	−0⅛	7.21
Genstar 7 91	100	102⅛	102⅜	+0⅛	0	6.66
Int. Amer. Dv. Bk. 7 91	100	98¾	99	−0⅛	+0⅛	7.16
I/S Elsam 8½ 91	60	104	104¼	0	−0⅛	7.87
Japan Air Lines 7¾ 91	100	102¾	103	−0⅛	−0½	6.84
Neder. Gasunie 8 91	100	105⅛	105⅜	−0⅛	−0⅛	7.23
OKB 7 93	100	100	100⅜	0	−0⅛	6.96
OKB 7⅛ 91	100	100	100⅜	+0⅛	−0⅛	7.23
Oslo, City of 8 91	100	105	105½	+0⅛	+0⅛	7.25
Saint Etienne 8½ 91	20	104	104¼	−0⅛	−0½	7.88
Swed. Ex. Credit 7¾ 91	75	98⅛	98⅜	+0⅛	+0⅛	7.47
TNT O/S Fin. 8 91	50	104	104¼	+0⅛	−0⅛	7.39
Unilever NV 7½ 93	100	104½	105	+0⅛	−0⅛	6.90
World Bank 6 91	100	93	93½	−0⅛	−0⅛	7.02
World Bank 7 90	100	99⅝	99⅞	−0⅛	−0⅛	7.03
World Bank 8 91	100	103⅞	104⅛	0	−0⅛	7.41

Average price changes... On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 91	15	†99¼	100⅛	0	−0⅛	8.28
Australia 6⅞ 88	20	90⅞	91⅞	0	+0⅛	8.37
EIB 7¾ 89	12	98⅛	99⅛	0	+0⅛	7.98
Finland, Rep. of 8⅜ 87	15	†98½	99⅛	0	−0⅛	8.58
Int.-Amer. Dev. 8⅞ 91	15	†101	102	0	−0⅛	8.64
New Zealand 8⅞ 87	15	99¾	100⅛	0	−0⅛	8.30

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 CS	50	†98	98½	0	+0⅛	17.30
Federal Dev. 17¾ 86 CS	40	†104½	105½	0	0	16.14
GMAC (Can.) 18 87 CS	60	†104	105	0	0	16.66
Pancanadian 16½ 88 CS	65	†98	98½	0	0	16.99
Queb. Urban 16¾ 86 CS	20	†100⅞	101⅞	0	+0⅛	16.43
Roynat 17¾ 86 CS	40	†100½	107	0	+0⅛	17.01
Tordom Cpn. 13½ 86 CS	30	†84⅞	85⅞	0	+0⅛	15.41
M. Bk. Dnmk. 9 91 EUA	25	82⅞	83⅞	0	−0⅛	11.97
SOFTE 8¾ 89 EUA	40	78	79¼	0	−0⅛	12.92
U. Bk. Nwy. 9½ 90 EUA	18	91	92¼	0	+0⅛	11.08
Algemene Bk. 10⅛ 86 Fl	60	98½	99⅛	+0½	+1⅛	10.42
Amfas Group 12¾ 86 Fl	40	102¾	103½	+0½	+0⅛	11.40
Amro Bank 12 86 Fl	75	101½	102⅛	0	0	11.36
Amro Bank 12 86 Fl	60	101⅛	102⅛	+0⅛	+0½	11.45
Heineken NV 10 87 Fl	100	95⅞	96⅞	0	0	10.97
Pierson 10¼ 86 Fl	50	97⅞	98⅛	+0½	+0⅛	10.88
Rabobank 12 86 Fl	50	101⅛	101⅝	+0⅛	+0⅛	11.54
Air France 14½ 86 FFr	200	92⅜	93½	+0⅛	+0⅛	16.82
Bk. America 14½ 85 FFr	250	93	94	0	−0⅛	16.63
Charb'nages 13⅞ 86 FFr	400	92⅛	93⅛	0	0	16.54
EIB 14¼ 88 FFr	300	89⅛	90½	0	−0⅛	16.99
La Redoute 14¼ 85 FFr	125	91	92	0	0	17.50
OKB 14 86 FFr	400	91⅝	92⅝	−0⅛	0	16.73
Solvay et C. 14⅞ 86 FFr	200	92	93	0	0	17.32
Swed. E. Cr. 14⅝ 88 FFr	250	91⅞	92¼	−0⅛	0	17.24
U. Mex. Sts. 14 85 FFr	150	91⅞	92⅜	0	0	17.26
Acona 14 85 £	20	90⅝	91⅛	+0⅛	−1	17.26
Beneficial 14⅛ 90 £	20	84⅛	85⅛	−0⅛	−0⅛	17.76
BNP 13½ 91 £	15	84⅛	85⅛	0	−1⅛	16.92
CECA 13½ 86 £	20	88½	89½	0	−1½	16.25
Citicorp O/S 13½ 90 £	50	88⅛	89⅛	0	+0⅛	15.93
Fin. Ex. Cred. 13¾ 86 £	15	90	91	0	−1⅞	16.99
Gen. Elec. Co. 12½ 89 £	50	85⅛	86⅛	−0⅛	−2⅛	15.92
Hiram Walker 14⅛ 86 £	25	93⅛	94⅛	0	0	16.12
Privatbanken 14½ 86 £	12	91⅛	92⅛	+0⅛	−1½	16.64
J. Rothschild 14⅛ 90 £	12	92½	93½	+0⅛	−1⅛	15.73
Royal Trustco 14 86 £	12	92⅜	93⅜	+0⅛	−1½	16.29
Swed. Ex. Cr. 13¾ 86 £	20	91	92	0	+0⅛	16.64
Akzo 9¼ 87 LuxFr	500	85¼	86½	+0⅛	−0⅛	12.71
Euratom 9¼ 88 LuxFr	500	84⅞	85⅞	0	−0⅛	13.50
Eurofima 10½ 87 LuxFr	500	90⅛	91⅛	0	+1⅛	12.86
EIB 9¾ 88 LuxFr	600	86⅛	86⅞	−0⅛	0	13.16
Volvo 9¾ 87 LuxFr	500	86½	87½	+0⅛	+0⅛	13.02

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	18/6	14⅛	14.29
Bank of Montreal 5¼ 91	0⅛	99⅜	99⅞	29/4	17.06	17.13
Bank of Tokyo 5⅜ 91	0⅛	98	98½	10/6	13⅛	13.49
Bk. Nova Scotia 5¼ 93	0⅛	99⅞	100⅛	29/4	17.06	17.08
BBL Int. 5 86	0⅛	99⅜	99⅜	20/5	13½	13.57
BFCE 5¼ 88	−0⅛	99⅞	100⅜	26/4	16.94	16.94
Christiania Bk. 5½ 91	‡0⅛	98⅛	98⅝	5/2	15.56	15.72
Co-Ban Eurofin 5½ 91	0⅛	98½	99	14/4	16.69	16.90
Den Norske Cred. 5½ 93	0⅛	97½	98	4/12	13.56	13.87
Genfinance 5⅜ 87	0⅛	100⅛	100⅝	30/4	17.06	16.98
Genfinance 5¼ 92	0⅛	99⅛	99⅝	30/12	16.31	16.38
Giro und Bank 5⅜ 91	‡0⅛	99	99½	23/12	17½	17.63
GZB 5¼ 92	‡0⅛	98½	99	5/3	13⅛	13.29
Ind. Bank Japan 5¼ 86	0⅛	99⅞	100⅜	9/5	13.31	13.30
Lloyds Eurofin 5¼ 93	§0⅛	99⅝	100⅛	29/4	17.13	17.15
LTCB Japan 5½ 89	0⅛	†99	99½	16/1	18.32	18.46
Midland Int. Fin. 9 91	0⅛	99⅝	100⅛	30/4	17.06	17.06
Nacional Fin. 5½ 88	0⅛	†97⅞	98⅜	25/3	17.31	17.64
Nat. Bk. Canada 5¼ 88	0⅛	99⅝	100⅛	24/3	17.31	17.33
Nat. West. Fin. 5¼ 91	§0⅛	99⅛	99⅝	15/1	18⅛	18.24
Nat. West. Fin. 5¼ 92	§0⅛	99⅝	100⅛	23/4	17	17.02
Nordic Int. Fin. 5½ 91	0⅛	98⅜	98⅞	6/5	16⅛	15.78
Offshore Mining 5¼ 91	0⅛	98⅛	98⅝	2/8	13	13.21
Pemex 6 91	0⅛	98⅛	98⅝	8/4	17	17.28
Pemex 5¼ 88	0⅛	*†98	98½	14/2	18.81	19.15
Sanwa Int. Fin. 5¼ 88	0⅛	†99½	100	24/3	17⅛	17.29
Sec. Pacific 5¼ 91	0⅛	98½	99	24/5	13⅛	13.42
Societe Generale 5¼ 91	0⅛	†99⅜	99⅞	22/1	18⅛	18.70
Sparebanken 6 87	0⅛	98⅜	99⅛	21/6	14.44	14.58
Standard Chart. 5¼ 91	0⅛	98	98½	18/5	13.31	13.55
Sumitomo Fin. 5¼ 88	0⅛	99⅝	100⅛	6/2	19.56	19.56

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	99½	100	0	1.64
Bow Valley Inv. 8 95	4/81	23.12	103	105	−0½	17.13
Canon 6¾ 95	1/81	825	116⅞	118⅞	+1⅞	4.32
Daiwa Secs. 5½ 96	12/81	539	†85	87	+1⅛	1.99
Fujitsu Fanuc 4½ 96	10/81	6770	103⅞	104⅞	+0½	3.51
Furukawa Elec. 5⅞ 96	7/81	300	122⅞	123⅞	+0⅛	−1.11
Hanson O/S Fin. 9½ 96	8/81	2.74	†89	91	+0½	−4.39
Hitachi Cred. Cpn. 5 96	7/81	1966	91½	93½	−0½	10.18
Inchcape 8 95	2/81	4.55	†58½	60	+0½	26.07
Kawasaki 5¾ 96	9/81	229	82½	84	+0½	3.85
Marui 6 96	7/81	931	102¾	104⅛	0	−3.06
Matsushita El. 7½ 95	11/80	590	97½	99⅛	+0⅛	−1.23
Minolta Camera 5 96	10/81	909	†75	76½	0	7.56
Murata 5⅛ 96	7/81	2190	80	81½	−0½	19.45
NKK 6½ 96	7/81	188	97⅞	99⅛	+1½	−0.88
Nippon Chemi-C. 5 91	10/81	916	†77	78	+0⅛	2.76
Ricoh 6⅜ 95	8/80	604	111⅞	113⅝	+1⅞	4.13
Sanyo Electric 5 96	10/81	652	†81	82½	+0⅛	6.28
Sumitomo Met. 5⅞ 96	10/81	306	85½	87	+2	4.97
Swiss Bk. Cpn. 6⅜ 90	9/80	200	†74½	76½	−1	18.83
Taylor Woodrow 8⅞ 90	1/81	4.94	†78	80	+0½	−7.27
Transco Int. 8⅞ 95	2/81	48	†84	85½	0	25.81
Tricorp 8½ 95	12/80	31.25	†75½	77	0	48.93
Union Bk. Switz. 5 89	2/80	70.79	†80½	82½	0	3.91
Mitsubishi H. 6 89 DM	2/82	263	97⅛	98⅛	−0⅛	−0.35
Sharp Cpn. 6½ 88 DM	9/80	591.8	179½	181	+4⅛	0.28

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Bavarian utility to acquire majority of Conti-Gas

BY KEVIN DONE IN FRANKFURT

BAYERNWERK, one of the biggest West German electricity utilities, is acquiring a stake of just over 50 per cent in Deutsche Continental-Gas-Gesellschaft, an energy and chemicals holding company, in two deals together worth an estimated DM 560m ($246m).

Bayernwerk is buying the majority stake from Allianz-Versicherung, West Germany's biggest insurance group, and J. M. Voith, the privately-owned mechanical engineering concern, which each hold interests of around 25 per cent.

Conti-Gas shares have been driven up sharply by speculation recently over a possible bid and have traded this year between DM 230 and DM 434 per share. This week its shares have been trading at around DM 363 giving the group a market worth of DM 1bn.

Ruhrkohle, the dominant West German coal mining concern, which also owns 25 per cent of Conti-Gas, had shown an interest in lifting its holding to 37.5 per cent through the purchase of part of the Voith stake, but the move was blocked last week by the Ruhrkohle supervisory board.

Bayernwerk, which is owned 60 per cent by the state of Bavaria and 40 per cent by VIAG, a Federal Government industrial holding company, has pushed through the deal as part of its strategy for taking a more commanding role in power generation in Bavaria.

It is already the biggest generator of electricity in Bavaria, but it is seeking to increase its influence on the smaller local power utilities in the state. Conti-Gas, which had sales of DM 1.84bn in 1980, holds interests in a string of such utilities.

Bayernwerk, with sales of DM 2.4bn in fiscal 1980, is already in the middle of a major investment programme to boost the share of nuclear energy in its power supplies to around 50 per cent by the mid-1980s from around 10 per cent at present.

It is being forced to finance about two-thirds of the Conti-Gas deal through the sale of four hydro-electricity works in Bavaria. In addition, its shareholders are to bring forward a DM 80m rights issue to February. Bayernwerk is also planning to run down stocks of coal and fuel oil to raise funds.

Strong yen limits rise in Olympus net profits

By Yoko Shibata in Tokyo

OLYMPUS, the Japanese manufacturer of cameras and other optical equipment, suffered a 1.4 per cent setback in parent company operating profits for the fiscal year ended October 30, mainly because of exchange losses resulting from the yen's appreciation against the D-mark, and higher depreciation costs.

Olympus's unconsolidated net profits rose by 7.3 per cent to Y6.78bn ($31m) on sales of Y103.17bn ($471m), up 7.1 per cent from the previous year. Per share profits slipped back to Y56.77 from Y59.43.

The company expects a higher sales contribution from promising new products, such as optical pick-up systems for video discs and laser knife fibrescopes, and so has increased the dividend by Y2 a share per annum to Y11.

In the past year sales of cameras, the company's main products, rose by 8 per cent to account for 53.4 per cent of the total turnover thanks to sales overseas which increased 11 per cent while domestic sales fell by 2.6 per cent. Sales of the fibroscopes grew by 9.1 per cent to account for 27.1 per cent. Sales of the microscope division's products including measuring equipment, medical equipment, industrial lenses, and plain paper copiers, rose by 12.1 per cent to account for 17.3 per cent of the total.

In export markets, European sales surpassed those in the U.S. for the first time, to account for nearly 45 per cent of total exports. Overall, exports gained by 8.3 per cent to account for 70 per cent of total sales.

However, the appreciation of the yen against the U.S. dollar by 5.3 per cent and against the D-Mark by 24.1 per cent cut the yen value of exports by Y6.5bn.

In the current fiscal year ending October 1982, the company expects a 21.2 per cent increase in sales by microscope division, helped by buoyant sales of pick-up systems for video disc and digital audio equipment.

Sales of cameras are expected to increase by 5.2 per cent and of fibrescopes by 12.5 per cent. As a result, total turnover is expected to advance by 11.4 per cent to reach Y115bn. Operating profits are expected to grow by 5.9 per cent to reach Y14bn and net profits to rise by 3.2 per cent to Y7bn.

Further boost for Philips disc

BY CHARLES BATCHELOR IN AMSTERDAM

PHILIPS, the Dutch electrical group, said yesterday that a further three audio equipment makers in Japan and Korea had opted for its audio campact disc system, bringing the total number to 29.

The commitment of so many companies to the system indicates it will become the standard for audio records and players, Philips claimed. The latest companies to back the Philips system are Crown Radio and TEAC of Japan and Dong Won of South Korea.

Philips has two competitors in this field—AEG-Telefunken of West Germany and JVC of Japan. The Dutch company's compact disc is 12 cm in diameter and has a one-hour playing time. The digital recording is read by a laser beam which makes for high quality sound reproduction and durability.

The six European hardware manufacturers which back Philips include Bang and Olufsen, Dual, and Grundig. In Japan and South-east Asia Akai, Hitachi, Matsushita, Mitsubishi, Sony and Toshiba are among the leading licensees,

Philips has also signed licence agreements with seven disc producers which, it believes, will guarantee a broad range of titles. The companies are Polygram, Sonopress, and Toolex-Alpha in Europe and CBS/Sony, Matsushita, Nippon Columbia, and Pioneer.

Philips plans to market the new system starting at the end of next year.

● Philips has signed a Fl 100m ($40m) order to supply telephone exchanges and lines to the city of Barranquilla in Colombia.

Eisenberg group moves into mortgages

By L. Daniel in Tel Aviv

THE Shaul Eisenberg group is extending its banking activities into the mortgage field. The Maritime Bank of Israel, which it bought from the Israeli Government in July 1979 for $10.5m has acquired control of the Jaysour Mortgage Bank, a small institution founded by foreign investors in 1958. However, Jaysour stopped extending loans in 1974 and has since only collected outstanding debts. The Maritime Bank intends to reactivate it.

The Eisenberg group operates Maritime as a merchant bank, with special emphasis on all branches of transportation. Its paid-up share capital is Sh 43m ($2.8m)

Bahraini offshore banks to make public share offers

BY MARY FRINGS IN BAHRAIN

TWO OFFSHORE investment banks will be launched in Bahrain early next year as public joint stock companies. Bahraini investors will be eligible for the first time to subscribe to the public issue of shares following amendments to regulations earlier this year.

First to hit the market, probably in the first two weeks of January, will be Bahrain International Bank with a public share offer of U.S.$28m, of which 20 per cent will be reserved for Bahraini subscribers. BIB has an authorised capital of U.S.$500m, with U.S.$180m to be issued and fully paid up. The founders, holding U.S.$152m of the issued capital, are 2,500 institutions and individuals in Kuwait, Bahrain, Saudi Arabia and the United Arab Emirates.

The second will be the Bahrain and Middle East Bank, which was previously granted an investment banking licence as a closed exempt company, but is now going public.

BMEB's authorised capital is also US$500m, with US$200m to be issued and paid up. The founders are between 20 and 30 institutions, mainly in Kuwait and the UAE, but US$40m out of their capital share of US$160m will be offered to individuals in Bahrain. A public share float of the remaining US$40m is expected in February, and again 20 per cent will be reserved for Bahraini subscribers.

WORLD STOCK MARKETS

Wall St mixed at mid-session

STOCKS ON Wall Street were mixed at mid-session after active dealings, with investors trying to determine whether the market will stage a year-end rally.

The Dow Jones Industrial Average edged up 0.95 to $874.05 at 1 pm, but the NYSE All Common Index shed 2 cents to $71.51 and declines narrowly led advances by a seven-to-six margin. Turnover expanded to 37.09m shares from the previous day's 1 pm figure of 29.79m.

Analysts have widely projected a year-end rally for the market, and Chester Pado, of G. Tsai and Co, said that although the traditional uptrend has had trouble getting started, it is still coming. He noted that the market is still trading above its November lows.

A positive sign for the market, he added, was the shift in leadership away from the secondary and takeover stocks into the heavily-capitalised Blue Chip and basic industry issues, which are popular with institutions.

IBM, the issue most widely held by institutions, was the volume leader and rose ¾ to $57¼. Other active issues with price gains included **Exxon**, up ¼ to $31, **Freeport-McMoran**, ⅜ to $24⅞, **Sony** ¼ to $18½ and **American Electric Power**, ¼ to $16⅞.

Firestone Tire moved ahead 1⅛ to $13⅛ in heavy turnover. The company said Loews Corporation plans to buy some of its shares from time to time.

THE AMERICAN SE Market Value Index was 0.64 easier at 318.66 at 1 pm. Volume 3.53m shares.

Pacific Realty fell 2⅛ to $31⅛ after a Federal Court barred APC from buying the company's stock under a tender offer.

Canada

Markets remained in easier mood yesterday morning, although trading was active. The Toronto Composite Index was off 2.3 at 1,929.9 at noon after 3.93m share volume, with declines outscoring gains by 286 to 194. The Oil and Gas index lost 28.7 to 3,677.0 and Golds 37.8 to 3,011.6, but Metals and Minerals firmed 5.7 to 1,801.8.

Analysts expect the market to begin firming now, since yesterday was the last day for tax-loss selling in Canada.

Closing prices for North America were not available for this edition.

Tokyo

Recently - favoured Pharmaceuticals and manufacturers of *new ceramics* came under profit-taking pressure and led the market mostly lower in moderate activity. However, some export-orientated Light Electricals and Precision Instruments gained further ground, with Steels, Heavy Electric Machines and Shipbuilders also improving on selective support. Dealers reported buying orders from Hong Kong.

The Nikkei-Dow Jones Average declined 24.33 to 7,644.57 and the Tokyo SE index shed 0.51 to 565.84, while falls outpaced rises on the First Market by 405 to 213. Volume increased to 280m shares from Monday's low level of 180m.

Among Pharmaceuticals and Ceramic Manufacturers, **Fujisawa Pharmaceutical** retreated Y60 to Y1,300, **Shionogi** Y32 to Y812, **Toshiba Ceramics** Y46 to Y945 and **Asahi Glass** Y14 to Y655.

Oils and Non-Ferrous Metals also declined, with dealers discouraged by a sharp fall in **Nippon Oil** of Y62 to Y998.

Housings and some other domestic industries were easier despite the Government's real economic growth target of 5.2 per cent for the next fiscal year, which was officially adopted last night.

Germany

After recent weakness in the market, mainly in reaction to the Polish situation, most stocks picked up yesterday in another quiet trade. Dealers cited some buying by banks and institutions to boost the book value of their portfolios for year-end accounts for the improvement. The Commerzbank index recouped 4.3 at 675.2.

Among Electricals, Siemens was DM 5.20 stronger at DM 205.00. AEG, which has concluded a video co-operation accord with JVC and Thorn-EMI, put on DM 2.40 to DM 48.50.

In Banks, which have been depressed lately by concern over the scale of Poland's *debts*, **Dresdner** rallied DM 3.50 to DM 134.50, **Commerzbank** DM 1.10 to DM 128.80 and **Deutsche** pfennigs 40 to DM 264.80.

In Stores, recently weak due partly to poor Christmas sales, **Kaufhof** regained DM 2 to DM 147.

Activity in the Domestic Bond market was minimal and prices were narrowly mixed.

Paris

Bourse prices remained firmer-inclined in moderate activity. The relaxation of bank lending controls and a further decline in French Call Money to 15⅜ per cent from 15½, its lowest level since May 12, helped sentiment.

Hong Kong

Stocks mainly declined in moderate trading, reversing Monday's firm trend. The Hang Seng index, which put on 35 points the previous day, receded 17.02 to 1,353.11, while combined turnover on the four exchanges dropped to HK$272.43m from the previous day's very heavy HK$907.51m.

Speculation on Monday *following the announcement by* Hong Kong Land and Jardine Matheson affiliate **JF Special Holdings** that they were to buy at least 20 per cent of the **Hongkong Telephone** issued shares was over as the two companies had reached their target.

Hongkong Telephone, up HK$5.40 on Monday, shed HK$1.50 to HK$28.50, while **Hongkong Land** lost 20 cents to HK$9.25, **Jardine Matheson** 60 cents to HK$18.70 and **Jardine Securities** also 60 cents to HK$14.90.

Australia

Monday's trend continued yesterday in further quiet dealings, with Minings and Oils *easier for choice and Industrials* closing mixed. The All Ordinaries index shed 2.4 to 592.5.

However, helped by renewed buying interest in some Cooper Basin oil stocks, the Oil and Gas index hardened 2.6 to 660.2. Santos put on 10 cents to A$8.50.

Gold *Mining stocks* weakened in the wake of falls in Bullion prices in London and New York overnight, with speculators also selling shares because of rumoured selling of gold by the Soviet Union. **Central Norseman** lost 24 cents to A$8.80, **Emperor** 10 cents to A$1.05, **Poseidon** 5 cents to A$2.80 *and* **Kitchener** 10 cents to A$1.80.

Base Metal shares were mixed to weak because of lower London commodity prices and reports of a build-up of metal stocks. **Bougainville Copper** receded 11 cents to A$1.18, **MIM** 7 cents to A$3.25 and **Western Mining** *5 cents to* A$4.10.

Meekatharra Minerals featured firmly in a mixed Coals sector, advancing 60 cents to A$8.70. **Oakbridge** hardened 5 cents to A$2.03.

Overall market leader **BHP** slipped 10 cents to A$10.35, while **Bank New South Wales** lost 11 cents to A$2.97.

Johannesburg

The fall in the international Bullion price depressed Gold Mining issues in a moderate business. **Harties** fell R5 to R66. **Randfontein** R3 to R75 and **Vaal Reefs** R2.50 to R83.

The Anglo American group of gold producers followed the downtrend after annual reports. In a softer Mining Financials sector, Anglo shed 30 cents to R16.05 after news that the group and associates are to buy 40 per cent of Empresas Sudamericanas.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

HONG KONG

SINGAPORE

SOUTH AFRICA

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

JAPAN

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Bad season hits Indian tea crop

By P. C. Mahanti in Calcutta

THE INDIAN Tea Association estimates that the current year's Indian tea crop will be at least 20m kilos lower than the past year's 570m kilos based on reports the association has received from the various growing regions in the North and South of the country.

This year's tea season is likely to close earlier than usual because of the early onset of the cold weather in most of the tea-producing districts. Further, unseasonal weather conditions in Assam, which accounts for 50 per cent of Indian tea output has affected production adversely. In some parts of the state, there has been no rain since September. Thirdly, weather conditions in the South remain unfavourable and production has fallen there by 3m kilos.

However, export trends have been most favourable and the year's target is likely to be exceeded. In fact, on the basis of licences issued, export commitments to the extent of 230m kilos appear to have already been made. These trends have led to a firming of prices at the tea auctions.

UK retail milk price rising by 1½p a pint next month

BY RICHARD MOONEY

THE RETAIL milk price in England, Wales and Northern Ireland will go up 1½p to 20p a pint from January 10, Mr Peter Walker, the Minister of Agriculture, announced yesterday.

In a written reply to a Parliamentary question Mr Walker also announced that Channel Islands and sterilised milk would go up 2p to 22½p and 21½p a pint respectively. The untreated milk price will rise ½p to 20p a pint.

The 8 per cent increase will add 0.15 per cent to the Retail Prices Index and 0.7 per cent to the food price index. The previous increase—also by 1½p a pint—was on January 4 this year.

Dairy farmers and milk distributors had been lobbying intensively for a price rise to cover soaring costs for some months, but the Government had resisted partly because of its reluctance to fuel inflation and partly because of the long-term decline in liquid milk consumption in the U.K., which exceeded 3 per cent on an annual basis at one stage last year.

The recent levelling in the milk consumption decline to a little over 1 per cent may have helped persuade the Government that the time had come for a rise.

Another reason for delay was the desire for the rise to coincide with the implementation of the recommendations of an accountants' investigation, completed in November, into the method used to divide the milk price between producers and distributors.

This study—by accountants Binder Hamlyn—has resulted in a small shift in favour of the producers, who had tended to lose ground under the old system. Ten years ago, this had given them about 60 per cent of the milk price, averaged over a full year, but the proportion had shrunk to around 52 per cent. The new system is expected to result in an extra 2 or 3 per cent going to the dairy farmers via the Milk Marketing Board.

Of the rise next month, about 1.1p will go to the farmers and 0.4p to the dairy companies. But most of this discrepancy is due to the normal seasonal milk price pattern which favours farmers in winter and distributors in summer, when milk is produced relatively cheaply.

The Ministry of Agriculture hopes that no further milk price rise will be necessary until the end of next year, but it warned yesterday that there could be "no guarantee" of this.

Commenting on the announcement Mr John Owens, director general of the Dairy Trade Federation, said he too hoped that a further price increase would be avoided until 1983.

He said the Binder Hamlyn report was a vindication of the milk costings system in general. With the investigation over, the industry should be able to concentrate on maintaining an efficient and economical door-step delivery service, he added.

Mr Richard Butler, president of the National Farmers' Union, welcomed the price rise but warned that the long delay meant that returns would not be sufficient to enable producers' margins for 1981-82 to keep pace with inflation.

He thought the revised costings system struck a reasonable balance between the interests of the trade, producers and consumers.

Sharp rise forecast in base metals

By John Edwards

SHARP PRICE rises for base metals next year are forecast in the Economist Intelligence Unit's publication World Commodity Outlook, out yesterday.

It predicts that there could be dramatic short-term price movements during the second half of 1982, if industrial recovery coincides with interest rates coming down bringing restocking and increased consumption at the same time.

The report forecasts that the London Metal Exchange average price for copper will be over £1,250 a tonne next year with demand likely to be 7 per cent higher in the fourth quarter of 1982 than a year earlier.

Aluminium consumption is expected to rise by 5 per cent and the average maginal price to go up from 57 cents a lb in 1981 to 75 cents. A major rise in the free market price of nickel is also expected.

However, tin is claimed to be a major exception to the upward trend. The report suggests there will still be a considerable surplus and lower average prices, implying a steep decline from the present artificially high levels.

It claims that the question is when, not whether, the price collapses. The working assumption is that the market will be maintained by producer inspired "influential buying" until the end of 1981 but will stop then, leaving the International Tin Council buffer stock to pick up the pieces as the market crashes.

Dawn of electronic age for futures

BY NANCY DUNNE IN WASHINGTON

THE PROPOSED electronic linkage between the Chicago Board of Trade and the New York Futures Exchange brings futures trading another step closer to the total automation many analysts feel is inevitable in the next decade. The link between the two exchanges could stretch next to London and from there to exchanges around the world.

A literal leap into the future is scheduled for next June when the world's first fully automated financial futures exchange is scheduled to open its computer lines in Bermuda.

INTEX, the creation of four American businessmen who believe futures trading can proceed in isolated dignity on a computer terminal, will go on line initially with one of several interesting contracts under consideration. Subject to the review of the Bermuda Government, which has given the basic project full authorisation, the exchange is considering three stock index contracts composed of the aggregate market value of the 20 largest companies in Japan, Britain and the United States.

With these, exchange officials hope to attract equity portfolio managers to hedge in futures. They are also planning two short-term eurodollar contracts and a eurobond contract as well as options on the two short-term vehicles.

It is no coincidence that INTEX will be planted in Bermuda, where its backers hope the exchange will serve as a stepping-stone between the U.S. and London markets. The Atlantic island, while offering some regulation through the Ministry of Finance, will protect a trader from the strict regulation of the Commodities Futures Trading Commission, which is likely to grow more stringent if many U.S. congressmen have their way.

The exchange has received a warm welcome in Bermuda, where the two largest banks have taken equity positions in ICCH (Bermuda), the clearing-house, and where the Government has provided authority for daily round-the-clock trading if members want it. Initially, trading will probably start during London trading hours and go for an eight-hour session. Trades will be cleared by ICCH (London).

INTEX's promoters have been busily selling off their initial 600 seats. Membership sales have been going well according to Mr Junius Peake, the exchange president, but he will give no figures and only says he expects all the seats to be sold by opening day. He is hoping for international participation with memberships held in the Middle East, Far East, South America, Europe and the U.S.

INTEX will have no trading floor. Instead, each trading member will lease a trading terminal with a mini-computer, a printer, keyboard and video screen on which all trades can be entered. Mr Peake foresees a "minimum chance for error."

Immediate or cancel orders, open orders, day orders, timed orders, stops and spreads can all be entered on the INTEX system. Stop orders can only be seen by the member entering them and a spread can be executed as a single order with the number of contracts, relevant months and price

The current trading system works well now, says Mr Peake, "but there is a finite limit to the number of people that can interact within a single pit and that limit is too small to accommodate the contracts of the future."

Will traders willingly adapt to a system which forgoes the drama and excitement of physical contact? Can an exchange survive without a floor and traders to provide liquidity?

"Our system converts the trading area from the auditory to visual," says Mr Peake. "The economics remain the same. We move the markets to the participants rather than the other way around."

Some technical difficulties remain before INTEX can be assured a proper start in life. To attract widespread participation by U.S. traders in need of tax benefits provided by legislation passed this year, INTEX must get approval by the U.S. Treasury as a "designated" exchange. INTEX lawyers say they are now seeking the approval and foresee no more difficulty in getting it than other foreign exchanges.

There is some feeling that the tradition-bound business may not be ready for such a radical entry into the computer age.

German cocoa bean imports higher in 1981

WIESBADEN—West German cocoa bean imports rose to 137,800 tonnes in the first 10 months of 1981 from 137,500 in the same period last year, the German Federal Statistics Office stated.

Imports in October totalled 16,000 tonnes against 16,700 tonnes in October 1980 and 13,600 in September 1981. Cocoa butter imports in the first 10 months of 1981 totalled 23,800 tonnes against 22,300 tonnes in the same 1980 period.

Cocoa butter imports totalled 2,900 tonnes in October against 3,400 tonnes in October 1980 and 2,700 in September 1981, the office said.

West German production of chocolate goods in the first 10 months of 1981 rose to a provisional 357,400 tonnes from 343,800 tonnes in the same 1980 period.

Reuter

London plans soya oil trading

BY JOHN EDWARDS, COMMODITIES EDITOR

A NEW EFFORT to establish a soyabean oil futures market in London is to be made with the launching of new contract, scheduled to start trading on April 19. Bill Englebright, director of futures markets for the Grain and Fed Trade Association, said the proposed soya bean market would be housed together with the established soyabean meal futures market and it was hoped this would boost, support for both of them.

Admitting that turnover on the soya meal market had been somewhat disappointing, Mr Englebright said they were contemplating changes to the contract after consultations with potential users.

Among questions to be asked will be whether they should replace the present sterling contract with a dollar quotation and also cut down the size of the minimum lots from 100 tonnes. Experience in the potato futures market, where turnover has exceeded all expectations, was that smaller lots encouraged greater participation.

Soya oil is expected to be traded in dollars in lots of only 25 tonnes.

This is the third attempt to launch soya oil futures trading in London. But Mr Englebright claimed there was great potential for both the soya meal and oil markets outside the U.S., where domestic influences prevailed. The changes planned could lead to the establishment in London of a successful soyabean futures complex.

Gafta has been greately encouraged by the unexpected success of the potato futures market launched in July. Turnover in the past six months at 52,000 lots has exceeded the total of 25,000 lots for the whole of the first year's tradnig.

The association welcomed the European Commission's proposals for reform of the Common Agricultural Policy as a "bold and radical review."

It commented that if increases in the price of cereals are contained, as the Commission envisages, this will help the internal Community market to be managed more flexibly. The association said it was important to maintain the existing freedom to import essential raw materials for animal feeding at low or nil rates of levy or duty. It welcomed the withdrawal fo the Commission's proposal to impose a tax on imports of oils and fats.

It noted that the Community was on the point of reaching agreement with suppliers to limit imports of manioc to 6m tonnes against the present figure of around 6.5m tonnes. But there is some concern about imports of maize gluten feed, which as a by-product of gasohol and maize syrups output in the U.S., can be very price competitive.

Japanese rice harvest ahead

TOKYO — The Japanese rice harvest rose 5.2 per cent to 10.26m tonnes this year from a 26-year low of 9.75m tonnes in 1980, the Japanese Agriculture Ministry has announced.

Total rice demand in the 1982 rice year, which started last month, is estimated at 10.6m tonnes and Japan's rice stock will fall to about 600,000 tonnes by the end of the current rice year from the present 910,000 tonnes, the Ministry said.

Japan still has 3.5m tonnes of surplus rice produced before 1978 which will be used for animal feed and industrial use, it added.

Reuter

Lower EEC cereals production forecast

TOTAL CEREAL production in the EEC is likely to reach 121.9m tonnes in 1981-82, or 2.62m tonnes below the 1980-81 amount, the Home Grown Cereals Authority forecast yesterday.

The organisation said in its weekly digest that the estimate was based on information from the EEC Commission and national sources. The Commission forecast in October that cereal production in 1981-82 would total 120.5m tonnes.

The expected fall in output from last season is largely accounted for by a forecast decline of 3.10m tonnes in French grain output the authority said.

Final 1981 grain output figures are already available for several EEC members, said the authority. Elsewhere in the EEC, grain yields in 1981-82 would be fairly steady, with small increases in Denmark, Ireland and Italy against decreases in West Germany and Greece.

EEC wheat production fell by 810,000 tonnes from last season to 49.53m tonnes, largely due to a fall in French yields which more than offset a rise in French wheat acreage. Yields also fell markedly in the UK and Greece.

Maize was the only major cereal for which EEC production increased this season, rising by 780,000 tonnes to 18.32m tonnes, the authority said, despite a fall of 100,000 hectares in the maize area to 2.88m hectares. The bulk of this fall was in France, which recorded a decline of 200,000 hectares to 1.56m hectares.

Reuter reports from Buenos Aires that the Argentine Agriculture Ministry raised the 1981-82 wheat crop estimate to 8.10m tonnes from the 7.60m estimated a month ago and 1980-81 output of 7.78m tonnes.

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices moved ahead on the London Metal Exchange, led by Copper which closed at £883.5 following U.S. demand in the afternoon. Lead was finally £376, while Zinc rose to £474.5, the latter in response to speculative buying. Tin traded quietly and [illegible]

HighGr de				
Cash	863-.5	+2.25	863-.5	+8
3 mths	889.5-90	+1.25	889.5-90	+8.5
Settlem't	863.5	+2	—	......
Cathodes				
Cash	860.5-1	+1	860.5-1	+7.5
3 months	885-.5	+.75	885-.5	+8.25
Settlem't	851	+1	—	......
S. Prod	—	......	*77-82	......

Tin—Morning: Standard, cash £8,350, 52, 55, 50, three months £8,110, 20, 25, 30, 8,100, 8,080, 80, 70, 85, 90. High Grade, three months £8,120. Kerb: Standard, cash £8,355, three months £8,090, 8,100, 10. Afternoon: Standard, cash £8,351, three months £8,100. Kerb: Standard, three months £8,090. Turnover: 2,595 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8350-1	—54.5	8350-60	+2
3 months	8110-20	—10	8090-100	+18
Settlem't	8351	—50	—	......
Standard				
Cash	8350-1	—54.5	8350-60	+2
3 months	8110-20	—10	8090-100	+10
Settlem't	8351	—59	—	......
Straits E.	$35.00	+0.50	—	......
New York	—	......		

Lead—Morning: Cash £360.50, three months £373.00, 74.00, 74.50, 75.00, 74.50, 74.00. Kerb: Three months £374.00. Afternoon: Three months [illegible]

	£	£	£	£
Cash	461-2	+.75	461-2	+1
3 months	467.5-8	—	467.5-8	+1.25
S'ment	462	+1	—	......
Primw'ts	—		*44-50	......

Aluminium—Morning: Cash £600.00, three months £628.00, 27.00, 26.00, 25.00, 24.00. Kerb: Three months £623.00, 22.50, 22.00, 21.00, 21.50. Afternoon: Three months £621.00, 20.00, 21.00, 23.00, 24.00, 23.50. Kerb: Three months £623.00, 24.00, 23.00, 22.00, 23.00, 24.00. Turnover: 14,700 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	600-.5	—8	600-.5	—4.25
3 months	623.4	—8.25	623-4	—5.25

Nickel — Morning: Three months £2,880, 90, 3,000, 10, 20. Kerb: Three months £3,000. Afternoon: Mid-Jan £2,980, three months £2,980, 90, 85, 80, 75. Kerb: Three months £2,980, 85, 90. Turnover: 672 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2995-3010	+12.5	2995-3010	+37.5
3 months	3020-30	+20	3020-30	+37.5

SILVER

COCOA

COFFEE

GRAINS

Hedge selling of old crop wheat led to losses of 40p, while barley only made small losses. Exporter buying of barley, in a good two way trade against merchants and commercial selling, left it unchanged. New crops were firm, Acli reports.

SOYABEAN MEAL

The market opened with losses of £1 on easier cash markets, reports T. G. Roddick. Prices continued under pressure with trade selling.

SUGAR

GAS OIL FUTURES

RUBBER

WOOL FUTURES

POTATOES

COTTON

MEAT/VEGETABLES

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

NEW YORK, December 22.

Copper remained firm on production cutbacks. The cocoa and coffee markets firmed on the lack of producer offerings. Sugar remained firm on technical buying. The grain and soyabean complex firmed on commission house short covering. Heating oil was sharply lower on Libya lowering their oil price. Cotton [illegible]

41.80, July 42.60-42.70, Aug 41.75-42.10, Oct 41.45, Dec 42.60-42.30, Feb 44.52.

‡‡Maize — March 266¼-266 (265¾), May 275¾-275½ (275¾), July 281-280½, Sept 282¾, Dec 286½-286, March 298.

Pork Bellies—Feb 54.80-55.15 (54.60), March 55.15-55.45 (54.62), May 56.20-58.40, July 57.45-57.50, Aug 57.25-57.00.

†Soyabeans—Jan 610-609¼ (606¾), [illegible]

EUROPEAN MARKETS

Monday's closing prices

NEW YORK, December 21.

††Cocoa—Mar 1954 (1989), May 1965 (1990), July 1973, Sept 2000, Dec 2038, Mar 2065. Sales: 1420.

Coffee—"C" Contract: Dec 157.00-159.00 (149.84), Mar 136.05-136.70 (137.02), May 129.75-130.00, July 128.00-129.00, Sept 126.50, Dec 122.00-123.50, Mar 121.50-123.00, May 117.00-122.00. Sales: 1,339.

Cotton—No 2: Mar 63.12-63.15 (62.92), May 64.50 (64.38), July 66.00, Oct 67.70-68.00, Dec 69.20, Mar 69.20, Mar 70.30, May 71.00.

Orange Juice—Jan 121.60-121.70 (125.60), Mar 124.60-124.75 (128.30), May 126.20-128.30, July 127.70, Sept 128.70-128.80, Nov 129.30-129.50. Sales: 2,800.

CHICAGO, December 21.

Chicago Imm Gold—Dec 400.0-401.0 (413.0), Mar 409.1-409.7 (422.0), June 423.0, Sept 436.2, Dec 453.2, Mar 465.7, June 480.9, Sept 496.3.

NEW ORLEANS—Milled Rice Futures (cents per cwt of U.S. No. 2 long grain): Jan 1787 (1786), Mar 1700 (1704), May 1695, Sept 1712.

INDICES

FINANCIAL TIMES

Dec. 21	Dec. 18	Month ago	Year ago
243.88	247.14	247.58	262.79

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Dec. 21	Dec. 18	Month ago	Year ago
Spot	353.72	354.93	356.00	442.63
Fut 'rs	358.59	359.69	364.88	463.77

(Average 1924-25-26=100)

MOODY'S

Dec. 21	Dec. 18	Month ago	Year ago
972.4	984.0	975.2	1232.8

(December 31, 1931=100)

REUTERS

Dec. 22	Dec. 21	M'nth ago	Year ago
1607.2	1616.8	1611.0	1731.5

(Base: September 18, 1931=100)

Cox's 0.20-0.32, Russets 0.18-0.30, Laxton's 0.14-0.16, Spartan's 0.20-0.25. Pears—per pound Conference 0.14-0.25, [illegible]

firmer. Second clears. Ox: 31-35.5 kg, 65.0p a kg (63.0p a kg); 28-30.5 kg, 68.9p a kg (66.8p a kg); 22-25.5 kg, [illegible]

LONDON STOCK EXCHANGE

Last trading Account of 1981 ends with markets still preoccupied with international interest rates

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 7	Dec 17	Dec 22	Jan 4
Dec 23	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1

* " New time " dealings may take place from 9.30 am two business days earlier.

The last trading Account of 1981 ended with London stock markets still showing apprehension about international interest rate trends. For several months this factor, more than any other, has dominated sentiment and yesterday's early further hardening in UK money market rates wiped out the last vestiges of investment enthusiasm ahead of the Christmas and New Year holidays.

Gilt-edged securities consequently started cautiously and often a shade lower, but the losses were regained as credit conditions later became less tight in London's money markets. Rates in the latter market eventually settled slightly lower on the day and Gilts responded to close ½ up on balance with the emphasis on longer maturities. Inhibited still by recent selling of the tap stock, **Exchequer 14 per cent** 1986, the shorts struggled to achieve recoveries of ⅛. **Transport 3 per cent 1978-88** was ½ better at 60; the price in yesterday's issue was incorrect.

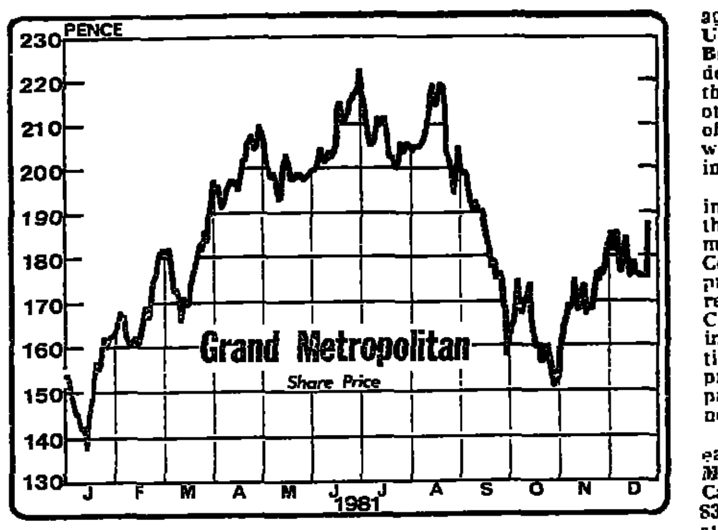
Against a background of threatened strikes and possible transport disruptions in the New Year, the equity markets took their cue from the overnight Wall Street tone. The majority of leading shares opened about a penny softer and, with holiday influences having a greater effect, moved narrowly for the remainder of the session.

The rejection of the Ford management's peace plan caused dullness in selected Motor Component shares, but Breweries benefited from **Scottish and Newcastle's** interim and **Grand Metropolitan's** annual results; the absence of any fund-raising by the latter group helped to leave the shares 12 up at 187p which benefited the FT Industrial Ordinary share index. *This measure of the market* recorded losses of between one and two points at all seven calculations and closed 1.9 down at 518.8; over the extended pre-Christmas Account the index was 10.5 lower.

Demand for Traded options improved slightly and 885 deals were completed, some 230 above the previous day's total but well below the levels of activity regarded as normal. **Grand Metropolitan** attracted a relatively active business in the wake of the annual results with 184 calls and 234 puts completed, while **ICI** were also in demand with 106 calls arranged.

Bank of Scotland good

Up to 10 firmer at the " House " close, **Bank of Scotland** finished 29 up at a 1981 peak of 525p on revived speculative buying fuelled by hopes that the new Account will see the much-rumoured foreign bid. Elsewhere in the banking sector, **Guinness Peat**, at 88p, retrieved the previous day's fall of 8



following a Press suggestion that Alexander and Alexander, the world's second-biggest insurance broker, has made *an offer for a* controlling interest in Guinness Mahon, the merchant banking side of GP; the market still awaits the outcome of talks aimed at trying to resolve the differences between Lord Kissin and Mr Edmund Dell and as to whether a partial offer from Lord Kissin will be tabled. The major clearing banks closed mixed after a moderate business.

In contrast to the generally lacklustre business transacted elsewhere in equities, Breweries attracted useful support and closed at the day's best, helped by trading statements from two major concerns. *Already a few* pence firmer at the outset in the absence of the rumoured rights issue, **Grand Metropolitan** revealed a near-23 per cent jump in preliminary earnings *and* closed 13 higher at 188p. **Scottish and Newcastle**, a dull market of late, rallied 3½ to 51p following the maintained dividend and better-than-expected interim profits. Other leading Breweries made progress in sympathy; **Whitbread** rose 3 to 94p and **Bass** 6 to 214p. The FT-actuaries Brewers and Distillers index rose 2.8 per cent to 274.24.

Leading Buildings passed a lacklustre session and closed marginally easier for choice. **Blue Circle** softening a couple of pence to 484p and **BPB Industries** 4 to 318p. **Wiggins Group** firmed 2 for a two-day gain of 8 to 81p on speculative interest. Elsewhere, **Manders** met with occasional support and added 3 to 133p.

Croda held at 76p and the Deferred at 46p following the rejection of Burmah's bid for the company; **Burmah** rose 5 to 126p. Other Chemicals, the subject of considerable speculative activity recently in the wake of the bid, took a breather. **Coalite** softened a penny to 124p, while **Coates Brothers " A "** shed 2 to 51p. Elsewhere, **Leigh Interests** improved a couple of pence to 107p following acquisition news, while **Stewart Plastics** added a penny to a 1981 peak of 109p.

Allebone revive

In quiet Stores, the leaders relinquished the gains established on Monday. The chairman's cautiously optimistic outlook at the annual meeting failed to inspire **Burton**, 3 cheaper at 132p. Similar falls were marked against **W. H. Smith**, 154p, **House of Fraser**, 166p, and **Mothercare**, 170p. **J. Hepworth** continued to react to profit-taking and gave up 2 more *at 97p, but revived speculative* interest was noted for **Allebone**, 3½ better at 31½p.

Publicity given to a broker's favourable circular helped **Plessey** to rise 5 to 355p and feature Electricals. **GEC** hardened a couple of pence to 812p but **Thorn EMI** softened 3 to 450p despite details of the joint video project with JVC of Japan and Telefunken. Elsewhere, **Pethow** improved 2 to 69p on the greatly reduced *first-half* deficit, while **Automated** Security put on 4 more to 184p after further consideration of an investment recommendation. Comment on the results helped *Dubilier to harden a penny more* making a two-day improvement of 5 to 58p. **Farnell** gained 5 to 530p and **Cable and Wireless** added 2 to 210p. Against the trend, the recently firm **Amstrad** shed 8 to 240p on profit-taking. **First Castle Securities** dipped 4 to 81p and **Sound Diffusion** lost 3 to 55p.

Hawker Siddeley edged up 4 to 324p, but the trend elsewhere in the leading Engineers was again to lower levels. **GKN**, unsettled by the prospect of a strike at Ford Motor, met sporadic offerings and gave up 4 to 154p. **John Brown** eased a penny more to 57p and **Vickers** closed similarly cheaper at 153p. **Cronite** featured in secondary issues, rising 6 to 23p, on the fourth-quarter profits recovery and forecast that the company will achieve substantial profits during the 1981-82 trading year. In contrast, **TMG** were quoted at 7½p nominal, down 6, following the company's refinancing proposals. **Staveley** improved 6 to 218p and rises of 3 were marked against **Benjamin Priest**, 31½p, **United Engineering**, 243p, and **Brasway**, 89p. Speculative demand left **F. H. Lloyd** 2½ to the good at 36p. *Haden, on the* other hand, encountered sporadic offerings and gave up 4 to 198p, while **Christy Bros.** fell 2 to 22p in smaller-priced issues.

Charles Clifford went ex rights in its new name of **Telfos** with the new shares closing at 2p premium and the new 12 per cent Convertible 1991 closing at ¾ premium: the name **Telfos** replaces the existing line of Charles Clifford in the Engineering sector of the Share Information Service. Technical reasons preclude placing the name in its proper alphabetical order until next week.

Leading Foods were inclined easier in slack trading, **Rowntree** *Mackintosh losing 2 to* 160p and **Cadbury Schweppes** the turn to 83p. **Huntley and Palmer** attracted fresh speculative support and added 2 more to 86p. Bid hopes continued to buoy **Cullen's**, the ordinary rising 13 to 223p and the **"A"** 12 to 212p, while a speculative flurry lifted **Albert Fisher** 2½ to 13½p.

T. W. Ward better

Reflecting hopes of an *increased offer* from RTZ, **T. W. Ward** rose 6 to 206p. **Trafalgar House** improved 3 to 105p ahead of the annual report and details of the hiving-off of the **Daily Express** and other publishing interests. Elsewhere in miscellaneous industrials, recovery prospects helped **Hoover "A"** to rise 4 to 82p, while **British Aerospace** hardened a couple of pence to 198p following news of the £600m-worth of orders taken for *the group's Rapier Low-Level air* defence system over a 12-month period. **Biddle** added 8 at 150p and **Aeronautical and General Instruments** gained 5 to 220p. **Channel Tunnel**, on the other hand, lost 10 at 155p. **Christies International** cheapened 2 to 134p on the company's decision to reduce buyers' premiums by 2 to 8 per cent; **Sothebys** gave up 5 in sympathy to 390p. Sporadic profit-taking caused **Bowater**, at 297p, to lose 4 of the previous day's gain of 5.

A Press suggestion that **Hawley Leisure** was about to launch a bid for **Black and Edgington** around the current market price *prompted profit-taking in the* latter which, at 52p, relinquished 6 of the previous day's gain of 10. **Hawley** dipped to 57p before closing a penny off on balance at 59p. After Monday's drop of 5, **Norton and Wright** rallied 3 to 33p on second thoughts about the interim results.

Leading Properties turned dull following revived upward pressure on short-term interest rates; **Land Securities** lost 5 to 298p and **MEPC** 3 to 243p. Both **Town and City** and **Berkeley Hambro** continued to attract a useful business following the agreed merger: T. and C. closed unchanged at 32p, while Berkeley Hambro ended 4 up at a fresh peak of 340p. Elsewhere, **Hongkong Land** shed 4 to 85p following its bid for a 35 per cent stake in **Hong Kong Telephone**, 25 lower at 283p.

Oils steady

After easing a few pence, leading Oils picked up to close little changed. **Shell**, down to 394p at one stage, finished unaltered on the day at 398p. Among the more speculative issues, **Candecca** gave up 8 to 212p, while **Marine** also lost 8, to 107p, and **Clyde** fell 6 to 140p. **Jackson Exploration** contrasted with a rise of 10 to 102p. **Carless Capel** closed unaltered at 160p; it was announced yesterday that Carless Exploration had received planing permission to drill three appraisal wells at Humbly Grove.

Among Overseas Traders, **Boustead** continued to react to profit-taking and eased 4 more at 107p, while **Tozer Kemsley and Millbourn** gave up a similar amount to 73p.

Trusts were inclined easier, where changed. Among Financials, **Mercantile House** gave up 5 to 410p, but **English Association** improved that amount to 160p, while **London Merchant Securities** continued firmly at 64p, up 2.

P. and O. Deferred eased to 121p at one stage, but recovered to close a penny firmer on balance at 124p. Elsewhere in Shippings, **Gotaas-Larsen** improved another 15 to 260p, but scattered offerings left **Reardon Smith** 4 cheaper at 98p with the " A " shares 3 down at 95p. Reflecting the marketing deal with the Port of Felixstowe, **Milford Docks** hardened 3 to 133p.

Golds down again

South African Golds fell sharply for the second day running as the bullion price dipped *below the $400 an ounce level* prior to closing a net $3.25 down at $404.25 reflecting revived fears of further bullion sales by the Soviet Union.

The sharemarket was marked down sharply at the outset and continued to drift for most of the day before edging off the bottom in the after-hours' dealings.

Losses were still sufficient to produce a fall of 10.7 to 322.2 in the Gold Mines index. Lack of interest, weak precious metal prices and Monday's sharp fall in copper prices led to a general downturn in Financials. **Rio Tinto-Zinc** closed 10 down on *balance at 445p*. **Gold Fields** were Soff at 492p.

Initial losses in Australians, reflecting overnight weakness in Sydney and Melbourne, were extended as the bullion market came under pressure. Consequently, prices drifted throughout the session although activity continued at a low level.

In the leaders, **Western Mining** were finally 8 down at 241p. **MIM Holdings** gave up 6 to 191p, while losses of 4 were common to **Bougainville**, 72p and **Peko-Wallsend**, 328p.

Gold Mines of Kalgoorlie fell 15 to 360p. **Central Norseman** 20 to 405p and **Posedon** 5 to 165p.

A heavy two-way business in **Meekatharra Minerals** saw the shares advance to a record 550p on renewed speculative activity before profit-taking pared the gain to one of 5 at 515p.

FINANCIAL TIMES STOCK INDICES

	Dec. 22	Dec. 21	Dec. 18	Dec. 17	Dec. 16	Dec. 15	A year ago
Government Secs...	61.99	61.89	62.05	62.56	62.81	62.50	68.99
Fixed Interest	65.05	62.92	63.05	63.28	63.38	63.30	70.74
Industrial Ord. ...	518.8	520.7	521.3	518.7	520.6	513.5	466.7
Gold Mines...........	322.2	332.9	338.0	334.5	335.5	333.8	442.6
Ord. Div. Yield.	5.79	5.78	5.78	5.80	5.79	5.87	7.63
Earnings, Yld.% (full)	10.14	10.12	10.12	10.11	10.09	10.23	17.06
P/E Ratio (net) (*)	12.60	12.62	12.62	12.50	12.52	12.36	7.19
Total bargains	14,552	14,417	12,403	13,669	13,827	13,800	16,170
Equity turnover £m.	—	108.81	126.42	116.17	107.43	100.75	102.77
Equity bargains..	—	11,715	10,947	12,070	10,404	10,233	12,716

10 am 519.4. 11 am 519.2 Noon 518.9 1 pm 519.6.
2 pm 519.0 3 pm 519.2
Latest Index 01-246 8026.
*Nil=11.25.
Basis 100 Govt. Secs. 15/10/26 Fixed Int 1928. Industrial Ord. 1/7/35 Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	70.61 (20/5)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int...	72.01 (20/5)	61.61 (25/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord. ..	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines.-	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 21	Dec. 18
—Daily		
Gilt Edged Bargains.	136.8	127.2
Equities. Bargains..	75.9	70.9
Value ..	219.9	255.5
5-day Avrge.		
Gilt-Edged Bargains	133.8	136.1
Equities ...... Bargains...	71.7	70.4
Value.......	226.2	216.9

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
§80	F.P.	8/1	84	80	✠A & G Sec. Elecs.5p	83	......	b2.75	2.3	3.0	20.7
—	F.P.	4/12	850	775	✠Asprey	850	......	35.0	3.3	5.9	6.2
100	F.P.	—	97	96	Baillie GiffordJ'n Tst	98	—1	—	—	—	—
§35	F.P.	—	35	32	✠City Site............	33	......	b0.5	1.2	2.2	54.8
225	F.P.	5/2	240	233	Comp.&Systs.Eng 28p	232	......	b3.15	3.8	1.9	15.0
82	F.P.	22/1	86	83	Cussins Prop...........	84	......	b4.9	2.6	8.3	6.2
80	F.P.	15/1	84	81	✠Equipu.	83	......	bd3.1	2.1	5.3	12.8
—	F.P.	—	10	9	F&C Enter. Warrants	9	......	—	—	—	—
61	F.P.	22/1	63	62	✠Good Relations Grp	62	......	b2.5	2.0	5.8	12.5
§50	F.P.	9/12	50	39	✠Gr'nw'hCable&Cm.	39	......	—	—	—	—
100	F.P.	22/1	109	101	✠Hardanger Prop......	101	......	bd9.8	2.2	15.9	4.7
150	F.P.	4/1	165	157	✠Hayters	158	......	b10.5	1.8	9.5	7.3
100	F.P.	8/1	104	100	New Australia Inv.50p	105	......	—	—	—	—
US$5.90	F.P.	—	305	283	Newmarket (1981)....	283	—5	—	—	—	—
US$4.25	F.P.	—	205	145	✠Nimslo Int. 30c	155	......	—	—	—	5.1
§§	F.P.	—	9	4½	Peek Hldgs............	7½	......	—	—	—	—
—	F.P.	—	14½	8	Sampang (Java) 2½p	12	—1	—	—	—	—
—	50p	—	82	70	✠Saxon Oil	70	......	u3.5	2.4	7.2	7.8
§67	F.P.	18/12	70	68	✠Sheldon Jones.......	69	......	bd7.0	2.5	8.4	5.4
115	F.P.	—	120	118	Speyhawk...............	119	—1	—	—	—	—
†	F.P.	31/12	33	31	✠Television South10p	33	......	—	—	—	—
—	F.P.	—	5	4	Viners 1p.............	4	—½	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc date	1981 High	1981 Low	Stock	Closing price	+ or −
97.48	£25	—	26½	25¼	Caisse Nat. Des Auto. 16% Gtd. Ln. 2006	25½	......
100	F.P.	25/2	103	102	Essex Water 10% Red. Prf. 1986........	102	—½
‖	Nil	—	7pm	5pm	Haslemere Est 9pc.Conv Uns Ln. 2001/06	5pm	—1
**	F.P.	—	155p	135p	McLeod Russel 8.4% Cnv. Red. Cum. Prf	145p	......
§100	F.P.	—	100½	99	Nat'wide Bdg.Society15⅝%Bds (24/11/82)	99	......
§100	F.P.	—	100	99¼	Do. 15½% Bds. (13/12/82)...........	99¼	......
69	F.P.	—	78	64	Pennine Comm.12pc.Conv.Uns.Ln.1991	68	+5
70	F.P.	—	73	54	Do. 15½ pc. Uns. 1986..............	70	+1
100	Nil	—	1¼pm	¾pm	Telfos 12% Cnv. 1991..................	¾pm	......
—	F.P.	—	135	118	Viners 10% Cnv. Loan 1988............	118	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
7½	Nil	31/12	29/1	1pm	¾pm	Abwood Mach........................	¾pm	......
142	F.P.	29/12	29/1	158	155	Brown (M)............................	158	......
2.5A$	Nil	—	—	92pm	60pm	C S R..................................	78pm	......
162	F.P.	23/12	21/1	183	172	Great Portland Estates.........	172	......
44	Nil	—	—	6pm	6pm	Lennons Grp.........................	6pm	......
7½	F.P.	18/12	15/1	9½	7¾	Raglan Prop..........................	9¼	+¼
90	Nil	—	—	10pm	7pm	Rea Brothers.........................	10pm	......
50	F.P.	17/12	21/1	52	50	Strong & Fisher......................	52	......
25	Nil	—	—	4pm	2pm	Telfos...................................	2pm	......
05 cts	Nil	10/12	28/1	117pm	109pm	T N T	115pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. *m* Interim since increased or resumed. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a " rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Issued as a unit comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
T. & City Prps.	18	32	+ 1½	KCA Intl.	13	137	− 1
FNFC	17	35½	+ 0½	Royal Insce. ...	13	330	− 5
Guinness Peat .	16	80	− 8	GEC	12	810	+ 2
Croda Intl. ...	15	76	+ 7	Barclays Bank .	11	425	− 7
United Engnrg.	15	240	—	ICI	11	280	—
Bk. of Scotland	13	496	− 7	Ward (T. W.)	11	200	− 4
Fisons	13	152	− 1	B. & Edg'ngton	10	68	+10

MONDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Aerospace	198	+ 2	P & O Deferred	124	+ 1
Cable and Wireless ...	210	+ 2	Rank Organisation ...	166	+ 1
Consolidated Gold ...	492	− 8	RTZ	445	−10
Cronite	23	+ 6	Scottish and Newcastle	51	+ 3½
Grand Metropolitan ...	188	+13	Tozer Kemsley	73	− 3
Meekatharra	515	+ 5	Trafalgar House	105	+ 3

APPOINTMENTS

Express Dairy management

From January 1 the EXPRESS DAIRY management structure will be: **Mr A. R. Good**, chairman and chief executive, and **Mr J. Hodges**, vice-chairman, Express Dairy Company; at Express Dairy UK **Mr P. M. Ohlson** becomes managing director; at Express Eden Vale **Mr Christopher Nelson** becomes managing director and **Mr Keith Airey** executive director, Express Milk; and at Express Foods **Mr Paul Wilkinson** becomes managing director.

★

LAZARD BROTHERS AND CO., has appointed **Lord Chalfont** and **Mr Simon J. Scrimgeour** as non-executive directors from January 1. Mr Scrimgeour is managing director of Lazard Brothers and Co. (Jersey).

★

FERRANTI has appointed three directors to the main board: **Mr Robin David Broadley**, who becomes a non-executive director, is a managing director at Baring Brothers and Co; **Mr Charles Roger Scott** joined Ferranti in 1979 as deputy controller of finance, becoming controller a year later; and **Mr Alan Arthur Shepherd** joined Ferranti in 1954 and is now the managing director of Ferranti Electronics and chairman of the Ferranti California Group.

★

Following the retirement of Mr C. A. Smart after nine years service with the group, OCEAN TRANSPORT AND TRADING has appointed **Mr B. A. St John**, as group treasurer. He was previously group finance manager with Straits Steamship Company, the 58 per cent owned Singapore-based subsidiary of Ocean Group.

★

Mr A. M. Alfred is to be a Second Permanent Secretary in the DEPARTMENT OF THE ENVIRONMENT and chief executive of the Property Services Agency, from January 1. He was formerly chairman of the publishing group within the British Printing Corporation where he worked from 1969 to 1981.

★

Mr Alick Stevenson has been promoted to vice president and treasurer of RELIANCE FINANCE AND CONSULTING GROUP, both subsidiaries of Reliance Group Inc., New York.

★

Mr David Arculus, deputy managing director of EMAP National Publications, has joined the board of the parent company.

★

From January 1 **Mr Anthony Terence Hoctor** becomes a director of BAYFORD AND CO (NORTH WEST). **Mr William Stephen Hayle** will become a director of BAYFORD (SOLID FUELS) and **Mr Ronald A. Pettit** is appointed a director of THRUST PETROLEUM. All three companies are members of the Bayford Group.

★

DELOITTE HASKINS AND SELLS has appointed **Sir Charles Villiers** and **Sir William Ryland** as advisers to the firm. As former chairmen of the British Steel Corporation and the Post Office respectively, Sir Charles and Sir William have had wide experience of public sector management requirements. They will be members of the DH and S public sector group responsible for the co-ordination and development of public sector professional services. **Sir Douglas Henley** becomes a consultant to the firm in the sphere of public sector auditing. As comptroller and auditor general, Sir Douglas has contributed to the development and application of "Value for Money" auditing. He will also be a member of the public sector group.

Mrs Muriel Wood has joined stockbrokers WALKER, CRIPS, WEDDLE, BECK AND COMPANY as an associate member.

★

Mr Paul Pearson has been appointed managing director and chief executive of SCICON COMPUTER SERVICES, the BP computer services subsidiary, from January 1.

★

Miss Wendy Taylor has been appointed a member of the ROYAL FINE ART COMMISSION in succession to **Miss Elisabeth Frink**, who has retired. Miss Taylor is a sculptress.

★

From January 1 **Mr R. B. Keville** and **Mr H. M. Turvill** are appointed directors of WILLIS FABER: **Mr J. E. Freeman** is appointed an executive director of Willis Faber and Dumas; **Miss S. M. C. MacDonald** and **Mr D. R. Wade** are appointed executive directors of Willis Faber (Finance and Administration).

★

The Prince of Wales has accepted an invitation to remain on the board of the COMMONWEALTH DEVELOPMENT CORPORATION for three years from January 1.

★

From December 31 **Mr Brian Ball-Greene** retires as a director of UNICORN INDUSTRIES and also Foseco Minsep. He will continue with the Unicorn group as a consultant.

★

Mr T. J. U. Inglefield of Charterhouse Development has been appointed to the board of FILTRATION AND TRANSPORT, Poole, following Charterhouse Development Capital's investment in that company.

★

Mr Kenneth Cannell is to succeed **Mr Robert Phillipson** as director of the BRITISH ROAD FEDERATION on January 1.

★

Mr P. J. Franke has been appointed managing director of MYSON PUMPS AND MOTORS, the newly formed combined company of Myson Electric Motors and Myson Pumps. Mr E. Clayton has been appointed technical director and Mr H. Massman production director.

★

ENGINEERING INDUSTRIES ASSOCIATION has made the following regional directors: **Mr E. R. Wilson** (Northern Ireland), **Mr A. Eddowes** (North West), **Mr J. M. R. Cannell** (Yorkshire and Humberside), **Mr P. R. Walton** (Northern), **Mr G. V. Philbedge** (Midlands), **Mr G. G. Pral** (Eastern), **Mr F. E. Benwell** (London-Central) and **Mr N. Auld** (Southern/South Eastern).

★

Mr K. L. G. Geeling, chairman and chief executive of Shell South Africa (Proprietary) and **Mr A. H. Bloom**, executive chairman of The Premier Group, have been appointed to the board of LIBERTY LIFE and LIBERTY HOLDINGS from January 1. Mr Geeling, who has been executive chairman and chief executive of the Shell Group in South Africa since 1973, will be resigning from his executive position in March 1982 but will continue as a non-executive director.

BASE LENDING RATES

A.B.N. Bank	14½%	Robert Fraser	15 %
Allied Irish Bank	14½%	Grindlays Bank	‡14½%
American Express Bk.	14½%	■ Guinness Mahon	14½%
Amro Bank	14½%	■ Hambros Bank	14½%
Henry Ansbacher	14½%	Heritable & Gen. Trust	14½%
Arbuthnot Latham	14½%	■ Hill Samuel	§14½%
Associates Cap. Corp.	15 %	C. Hoare & Co.	†14½%
Banco de Bilbao	14½%	Hongkong & Shanghai	14½%
BCCI	14½%	Knowsley & Co. Ltd....	15 %
Bank Hapoalim BM ...	14½%	Lloyds Bank	14½%
Bank of Cyprus	14½%	Mallinhall Limited	14½%
Bank Street Sec. Ltd....	16 %	Edward Manson & Co.	15½%
Bank of N.S.W.	14½%	Midland Bank	14½%
Banque Belge Ltd.	14½%	■ Samuel Montagu	14½%
Banque du Rhone et de la Tamise S.A.	15 %	■ Morgan Grenfell	14½%
Barclays Bank	14½%	National Westminster	14½%
■ Beneficial Trust Ltd. ...	15½%	Norwich General Trust	14½%
Bremar Holdings Ltd.	15½%	P. S. Refson & Co. ...	14½%
Bristol & West Invest.	16 %	Roxburghe Guarantee .	15 %
Brit. Bank of Mid. East	14½%	E. S. Schwab	14½%
■ Brown Shipley	15 %	Slavenburg's Bank ...	14½%
Canada Perm't Trust...	15 %	Standard Chartered ...	‖14½%
Cavendish G'ty T'st Ltd.	15½%	Trade Dev. Bank	14½%
Cayzer Ltd.	15 %	Trustee Savings Bank	14½%
Cedar Holdings	15 %	TCB Ltd.	14½%
■ Charterhouse Japhet...	15 %	United Bank of Kuwait	14½%
Choulartons	15½%	Whiteaway Laidlaw ...	15 %
Citibank Savings	¶15 %	Williams & Glyn's ...	14½%
Clydesdale Bank	14½%	Wintrust Secs. Ltd. ...	14½%
C. E. Coates	15 %	Yorkshire Bank	14½%
Consolidated Credits ...	15 %		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	15 %		
First Nat. Fin. Corp....	17 %		
First Nat. Secs. Ltd. ..	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13½%.
‡ Call deposits £1,000 and over 12½%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (13)

BANKS (1)
Bank of Scotland
BEERS (1)
Bell (A.)
BUILDINGS (1)
Wiggins Group
CHEMICALS (2)
Hickson & Welch Stewart Plastics
ENGINEERING (4)
Braswav V W.
United Engineering Weir Group
PROPERTY (1)
Federated Land
OIL & GAS (2)
American Oil Fields Jackson Exploration
MINES (1)
Meekatharra

NEW LOWS (17)

BANKS (1)
Clive Discount
STORES (2)
Beattie (J.) A Habitat
ENGINEERING (3)
Christy Brothers Spencer Clark
Garton Eng.
INDUSTRIALS (2)
Hollis Brothers UKO Int.
INSURANCE (2)
Phoenix Royal Insurance
MOTORS (1)
Armstrong Equipment
OIL & GAS (3)
Brandon Ohio Resources
Falmouth
MINES (3)
Renison Gold. Northgate
Whim Creek

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	67	1	23
Corpns. Dom. and Foreign Bonds ...	5	1	66
Industrials	152	244	961
Financial and Props.	43	133	334
Oils	13	41	53
Plantations	2	3	17
Mines	3	80	85
Others	27	63	64
Totals	312	566	1,603

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec 14	Dec 29	Mar 25	Apr 5
Jan 4	Jan 15	Apr 15	Apr 26
Jan 18	Jan 29	Apr 28	May 10

For rate indications see end of Share Information Service

Stocks favoured for the call included **Brengreen**, **Royal Bank of Scotland**, **Town and City Properties**, **Suter Electrical Deferred**, **Trident TV**, **Huntley and Palmer**, **Weir**, **P & O Deferred**, **Rothmans International**, **FNFC**, **Westminster Properties**, **Prince of Wales Hotels** and **Wood Hall Trust**. A put was taken out in **Royal Bank of Scotland**, while doubles were completed in **FNFC**, **Palliser Resources**, **Carrington Viyella** and **Royal Bank of Scotland**.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Dec 22 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Dec 21 Index No.	Fri Dec 18 Index No.	Thur Dec 17 Index No.	Wed Dec 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	351.44	—	9.92	4.53	12.51	351.41	350.92	350.05	348.94	282.54
2	Building Materials (25)	296.53	−0.6	15.26	5.79	7.49	298.45	297.02	298.20	297.72	239.37
3	Contracting, Construction (28)	528.28	−0.1	17.78	5.34	6.57	528.95	528.74	525.26	522.78	396.96
4	Electricals (30)	1229.37	+0.2	7.47	2.38	17.09	1226.49	1223.71	1218.69	1218.74	939.60
5	Engineering Contractors (9)	484.20	−0.5	13.16	5.84	8.87	486.54	485.11	484.36	478.28	395.84
6	Mechanical Engineering (66)	188.49	+0.3	11.31	5.79	11.27	187.98	188.63	188.12	187.84	170.93
8	Metals and Metal Forming (12)	164.07	−0.4	8.40	7.42	16.09	164.70	163.99	162.80	160.82	133.95
9	Motors (21)	93.21	−0.8	—	7.32	—	94.00	94.30	93.78	91.93	92.16
10	Other Industrial Materials (18)	367.54	+0.1	8.86	6.18	13.81	367.11	366.39	367.75	364.30	0.00
21	CONSUMER GROUP (198)	265.21	—	13.58	6.22	9.05	265.26	264.91	264.05	264.78	234.60
22	Brewers and Distillers (20)	274.24	+2.8	16.56	7.04	7.23	266.84	267.76	266.93	271.51	263.80
25	Food Manufacturing (21)	260.77	−0.3	15.80	6.54	7.62	261.53	251.86	261.77	260.51	209.51
26	Food Retailing (15)	536.67	−0.9	9.89	3.66	12.24	541.78	540.65	536.48	538.63	440.02
27	Health and Household Products (7)	337.82	−0.2	9.25	4.73	12.70	338.57	340.87	339.23	339.36	254.73
29	Leisure (24)	412.44	−0.7	9.90	5.37	12.58	415.21	415.54	415.13	414.25	344.30
32	Newspapers, Publishing (12)	475.60	−0.9	12.96	6.34	11.18	479.87	482.06	482.38	480.49	423.95
33	Packaging and Paper (13)	126.97	−0.9	15.99	8.48	7.46	128.07	126.97	126.96	127.92	112.44
34	Stores (46)	236.76	−0.6	12.17	5.70	11.02	238.18	236.72	236.07	236.43	242.80
35	Textiles (23)	151.33	−0.8	10.62	6.53	12.13	152.55	151.09	151.31	151.12	122.35
36	Tobaccos (3)	255.52	−0.2	22.65	10.20	5.07	256.13	254.14	251.16	252.14	198.69
39	Other Consumer (14)	248.04	+0.7	7.77	7.29	21.31	246.43	245.66	244.26	243.83	0.00
41	OTHER GROUPS (80)	226.63	—	11.23	6.16	11.32	226.53	225.89	224.38	224.75	217.30
42	Chemicals (16)	293.05	−0.1	6.37	6.18	25.35	293.43	291.88	286.63	286.86	293.38
44	Office Equipment (4)	112.86	+0.4	16.20	7.80	7.38	112.40	112.84	114.66	115.57	108.84
45	Shipping and Transport (13)	503.24	−0.3	21.29	7.34	5.59	504.84	504.41	502.03	504.81	536.89
46	Miscellaneous (47)	291.62	+0.3	12.43	5.55	9.81	290.86	290.25	289.31	290.38	263.41
49	INDUSTRIAL GROUP (487)	289.12	—	11.85	5.56	10.44	289.13	288.68	287.64	287.78	249.58
51	Oils (13)	742.39	−0.1	19.18	7.61	5.90	743.31	749.10	754.69	753.05	937.66
59	500 SHARE INDEX	325.86	—	13.18	5.93	9.17	325.94	325.98	325.47	325.47	303.95
61	FINANCIAL GROUP (119)	248.77	−0.5	—	6.12	—	250.04	251.75	252.11	251.58	230.59
62	Banks (6)	271.61	—	33.18	6.96	3.52	271.62	275.87	275.47	272.70	244.53
63	Discount Houses (9)	245.63	−0.6	—	9.01	—	247.16	246.37	246.37	246.88	284.15
64	Hire Purchase (3)	237.30	—	13.11	7.79	10.56	237.30	236.75	230.21	226.69	196.24
65	Insurance (Life) (9)	245.97	−0.6	—	6.51	—	247.35	248.40	248.46	250.52	227.49
66	Insurance (Composite) (10)	152.01	−1.0	—	8.81	—	153.49	155.10	156.00	156.65	143.84
67	Insurance Brokers (8)	409.73	−0.3	11.37	5.94	11.92	410.99	414.71	414.88	409.28	315.59
68	Merchant Banks (12)	152.60	+0.3	—	5.35	—	152.13	151.86	151.86	151.56	143.51
69	Property (50)	452.34	−0.8	4.88	3.24	27.39	456.14	456.28	457.80	456.26	436.58
70	Miscellaneous (12)	171.98	−0.4	17.53	6.13	6.98	172.62	172.72	173.43	173.11	164.47
71	Investment Trusts (110)	285.59	−0.3	—	5.66	—	286.34	285.92	285.08	284.92	282.69
81	Mining Finance (4)	237.63	−1.7	14.58	5.98	8.30	241.73	244.99	243.36	243.19	229.67
91	Overseas Traders (17)	401.17	−0.7	13.13	7.93	9.30	403.94	405.64	405.35	407.59	423.36
99	ALL-SHARE INDEX	308.22	−0.2	—	5.98	—	308.77	309.28	308.90	308.79	289.16

FIXED INTEREST

	PRICE INDICES	Tues Dec 22	Day's change %	Mon Dec 21	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	104.71	+0.06	104.64	—	10.97
2	5-15 years	98.04	+0.31	97.73	—	13.46
3	Over 15 years	99.05	+0.22	98.84	—	15.25
4	Irredeemables	109.69	+0.50	109.15	—	13.73
5	All Stocks	100.24	+0.20	100.04	—	13.17
6	Debentures & Loans	78.80	−0.18	78.94	—	10.92
7	Preference	61.04	+0.31	60.85	—	6.82

	AVERAGE GROSS REDEMPTION YIELDS		Tues Dec 22	Mon Dec 21	Year ago (approx.)
	British Government				
1	Low	5 years	13.62	13.70	11.98
2	Coupons	15 years	14.11	14.20	11.90
3		25 years	14.13	14.17	11.90
4	Medium	5 years	16.37	16.40	13.41
5	Coupons	15 years	16.10	16.14	13.73
6		25 years	15.45	15.48	13.38
7	High	5 years	16.20	16.23	13.43
8	Coupons	15 years	16.28	16.31	13.93
9		25 years	15.69	15.70	13.59
10	Irredeemables†		13.51	13.57	11.54
11	Debs & Loans	5 years	16.72	16.68	14.52
12		15 years	16.56	16.53	14.41
13		25 years	16.45	16.43	14.30
14	Preference†		16.30	16.36	14.62

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	65.2	70.1	-0.6	2.07
Capital	38.2	41.3	-0.1	4.12
(Accum. Units)	49.4	53.4	-0.1	4.12
General	58.8	63.5	-0.3	4.83
Gilt & Fixed Int.	93.9	98.9xd	-0.4	13.25
Income	36.5	39.5	-0.1	9.47
Worldwide Bond	106.6	112.4xd	-0.3	5.94
Inv. Tst. Fd.	50.9	55.0	-0.1	4.36
Equitas Prog.	82.8	89.5	-0.3	4.57

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	81.7	86.0	+0.1	14.12

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229125

Balanced Funds				
Allied 1st	89.4	95.7	-0.4	5.63
Brit. Inds. Fund	75.4	80.7xd	-0.4	6.62
Growth & Income	56.7	60.7	-0.2	4.12
Elect. & Ind. Dev.	46.5	49.8	-0.1	4.82
Allied Capital	97.1	103.9	-0.4	4.80
Hambro Fund	133.1	142.4xd	-0.4	5.90
Hambro Acc. Fund	195.8	209.5	-0.5	4.77
Income Funds				
High Yield Fd.	65.7	69.6	-0.1	9.14
High Income	81.6	87.3	-0.1	7.32
Equity Income Fd.	47.3	50.6		7.29
Govt. Secs.	22.1	22.7xd	-0.1	14.01
International Funds				
International	36.8	39.4		2.34
Japan Fund	29.8	31.5xd	-0.1	0.51
Pacific Fund	73.8	79.0xd	-0.1	1.03
Secs. Of America	85.5	91.5xd	-0.7	2.62
Specialist Funds				
Smaller Co.'s Fd.	56.9	60.9		3.86
2nd Smlr. Co's Fd.	70.8	75.8	-0.2	3.96
Recovery	27.6	29.5	-0.2	4.78
Met. Min. & C'dty.	64.1	68.7	-0.6	5.82
Overseas Earnings	77.2	82.6xd	-0.3	4.96
Exempt Funds				
Income Exempt	51.0	53.6xd	-0.1	9.05
Far East Exempt	87.1	83.3xd		1.50
Smaller Co. Exempt	95.7	100.5	-0.1	3.93
U.S.A. Exempt	137.2	142.7	-1.1	2.75

Anderson Unit Trust Managers Ltd.
62, London Wall, EC2R 7DQ 01-638 1200

Anderson U.T.	67.3	72.8		3.39

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	160.0	170.0		10.80
Leics.&Gen.Fd.	50.5	53.5		7.33

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	40.4	43.4		2.50
Do. Accum.	51.8	55.7		2.50

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital	33.1	36.0xd	-0.1	—
Commodity	81.9	88.4	-1.5	2.48
(Accumulation)	130.9	141.4	-1.3	2.48
(10% Withdrawal)	57.4	61.9	-1.2	2.48
Eastern & Internat'l.	53.6	57.3	+0.1	1.00
(6% Withdrawal)	35.7	38.2		1.00
Extra Income	79.3	86.4	-0.1	11.36
(Accumulation)	103.7	113.0	-0.2	11.36
Finance & Property	23.9	26.0	-0.2	5.36

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632.

American (z)	28.0	30.4	-0.2	1.61
Australian (z)	23.6	25.7		0.98
Far Eastern Tst. (z)	42.9	46.8	-0.2	1.22
High Income	32.6	35.8	-0.1	12.29
Intl. Trust (z)	49.6	53.9	-0.5	1.41
Basic Resources Tst.	48.2	52.3	-0.5	2.15
Incm. Growth Tst.	23.8	25.8		8.65
Pref. & Gilt Tst.	18.6	20.2		15.78
Smaller Co's Trust	27.5	29.9xd	-0.1	3.63

Chollerton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	35.9	37.1		3.78
International	64.6	69.8	-0.3	1.16
High Income	27.9	30.1		11.78

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	74.2	78.1	+0.6	3.70

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	33.8	36.9	-0.2	12.39
North American	61.2	66.1	-0.9	2.58
Canadian Exempt *	66.3	70.1	+1.0	3.02
Canadian Trust	55.2	59.6	-0.5	3.02
Mid Mount High Inc. *	44.6	47.2	+1.1	10.05
Recovery	52.2	57.0	-0.1	3.85
Gilt Trust	37.7	38.9xd	-0.1	14.78

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	43.4	46.8	-0.3	0.53
Cres. Internat'l.	90.3	97.5	-0.2	1.54
Cres. High. Dist.	42.9	46.3	-0.1	9.45
Cres. Reserves	50.4	54.4	-0.3	5.51
Cres. Tokyo	41.4	44.7	-0.1	0.28

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.8	24.3	-0.2	9.05

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Dec. 22	241.0	257.1	+0.7	5.24

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	19.7	22.0		7.92
Gt. Winchester O'seas.	31.7	35.2		3.55

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Gwth. Tst. Acc.	53.5	57.5	-0.2	4.70
UK Gwth. Tst. Inc.	53.5	57.5	-0.2	-0.2
Higher Inc. Tst. Acc.	52.7	56.6	-0.4	8.39
Higher Inc. Tst. Inc.	52.7	56.6	-0.4	8.39
Gilts/Fxd.Int.Tst.Acc.	48.5	51.0	-0.2	5.91
Gilts/Fxd.Int.Tst.Inc.	48.5	51.0	-0.2	5.91
Nth.America Tst.Acc.	53.2	57.2	-0.2	1.55
Far East Tst. Acc.	49.7	53.4	+0.1	0.64
Equity & Law	91.4	96.2	-0.6	4.78

Fidelity International Management Ltd.
20, Abchurch Lane, London EC4N 7AL. 283 9911

American (z)	40.0	43.8	+0.3	0.16
Amer. Spec. Sits. (z)	29.5	31.8	-0.2	0.01
Gilt & Fixed Int.	22.4	23.1		14.09
Growth & Income	32.8	35.3xd	-0.1	7.02
Japan Trust (z)	24.1	26.0	-0.3	—
Max. Inc. Eq. Tst.	28.6	30.8xd	-0.1	9.70
Special Sits.	37.5	41.0	-0.1	0.87

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	38.8	41.7		1.50
Accum. Units	48.4	52.0		1.50
J. Finlay High Income	35.5	38.3		9.58
Finlay Wld. Energy	16.7	18.0		1.96
Accum. Units	21.7	23.4		1.96
J. Finlay Fd.In.Tst.	38.8	41.7		5.70
Accum. Units	51.3	55.1		5.70

Prices on Dec. 16. Next dealing Dec. 23.

Framlington Unit Mgt. Ltd. (a)

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

CANADIANS—Continued

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
71	40	Hewitt (J.)	48	......	†1.8	5.2	5.4	4.4
50	26	Highgate & Job 50p	42	......	—	—	—	—
162	40	Hill (Chas.) £1	138	−2	—	—	—	—
116	86	Holden (A.)	103	......	5.0	2.2	6.9	7.8
47	22	Hollis Bros	22	−1	—	—	—	—
77	49	Holt Lloyd Int. 10p	56	−1	3.17	1.5	8.1	10.4
163	68	Hoover 'A'	82	+4	‡6.0	—	‡	—
133	39	Hoskins & H 20p	108	......	†2.0	—	2.6	—
76	48	Howard Tenens	57	−1	‡1.55	0.6	‡	62.7
420	210	Hunting Assoc.	215	+5	5.0	5.8	3.3	5.4
160	75	Huntleigh 10p	99	......	†1.5	4.2	2.2	12.0
226	120	Hutch Whamp SHK1	160	−4	1034c	2.7	2.0	20.3
15	9	Hyman (I. & J.) 5p	13½	......	‡0.83	0.1	‡	—
£20½	£12⅝	I.C. Industries $1	£18½xd	+½	Q$2.20	—	6.3	—
78	25	ICL	44	......	—	—	—	—
44	35	Ingall Inds. 10p	36½	......	2.5	1.5	9.3	11.6
251	180	Initial Services	242	−1	†9.0	2.5	5.4	10.0
23	9	Inter-City 20p	19	......	—	—	—	—
102	39	J. B. Holdings 10p	102	......	†3.0	4.9	4.2	6.6
192	110	Jacksons Bourne	158	......	5.0	1.4	4.6	23.0
27	12	James (M.) Inds. 10p	22	−½	†1.0	3.5	6.6	5.1
248	118	Jardine M. SHK5	174	−6	†Q88c	2.8	4.7	10.9
25½	15	Jentique	21	−½	1.3	0.1	8.8	—
257	152	Johnson Clnrs.	221	......	†7.0	3.4	4.7	6.9
*300	186	Johnson Mthy. £1	285xd	+3	9.5	2.3	4.8	(8.5)
92	57	Jourdan (T.) 10p	66	......	5.25	1.8	11.4	6.9
81	37	Kalamazoo 10p	39	......	2.5	0.9	9.2	18.1
170	128	Kelsey Inds.	139	......	8.0	♦	8.6	♦
148	112	Kennedy Sm. 10p	143	......	†4.38	4.1	4.4	7.4
330	225	Kershaw (A.) 5p	255	−5	21.75	0.6	12.2	(24.2)
75	47	Kleen-E-Ze Hldgs.	48	......	5.5	0.7	16.9	(11.4)
75	55	L.C.P. Hlds	58	......	4.3	0.8	10.6	(17.7)
48½	37	L.R.C. Int. 10p	40½	......	2.5	1.6	8.6	9.4
56	32½	Lawtex	46	−1	1.5	—	4.7	—
178	116	Lead Inds. 50p	157	......	9.66	1.4	8.8	10.5
88	55	Leadenhall Sterling	65	......	3.5	1.5	7.7	10.8
330	275	Lep Group 10p	278	−2	16.5	2.7	8.6	6.4
28	13	Lesney Prods. 5p	18	......	—	—	—	—

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25½	12	Burmah Mines 10p	15	......	0.75	0.9	7.1
330	85	Colby Res. Corp.	125	−6	—	—	—
330	200	Cons. Murch. 10c.	290	......	Q60c	♦	11.9
10	5	‡‡Explaura Gold	5	......	—	—	—
98	47	††Hemerdon 10c.	65	......	—	—	—
180	65	Highwood Res.	80	+5	—	—	—
505	240	Northgate C$1	240	−30	—	—	—
633	372	R.T.Z.	445	−10	16.0	2.3	5.1
£130½	£99½	[illegible]	£99	......	Q9½%	—	†9.9
103	13	††SPO Minerals 10p	22	......	—	—	—
47	17	Sabina Inds. C$1	18	......	—	—	—
44	21	‡Southerest C. 10p	30	......	—	—	—
650	465	Tara Exptn. $1	525	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ‡‡ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	40	......
Bertrams	16	......
Bdg'wtr. Est. 50p	405	......
Craig & Rose £1	£13xd	......
Finlay Pkg. 5p	25½	......
Graig Ship. £1	£19	......
Higsons Brew	75	......
Holt (Jos) 25p	520	......
I.O.M. Stm. £1	150	......
Pearce (C. H.)	840	+30
Peel Hldgs.	116	......
Sheff. Refrshmt	83xd	......
Sindall (Wm.)	190	......

IRISH

Stock	Price	+ or −
Cons. 9% '80/82	£95⅝	......
Nat. 9¾% 84/89	£78½	......
Fin. 13% 97/02	£74⅝	......
Alliance Gas	70	......
Arnott	230	......
Carroll (P.J.)	84	......
Concrete Prods.	90	......
Heiton (Hldgs.)	27	......
Irish Ropes	76	......
Jacob	63	......
T.M.G.	7½	−6
Unidare	60	+4

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
Allied-Lyons	6½	I.C.I.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	38	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	3¾
Brown (J.)	8	Mrks. & Spncr.	10		
Burton Ord.	32	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	7	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	38	Burmah Oil	11
Debenhams	7	P & O Dfd.	9	Charterhall	6
Distillers	16	Plessey	26	KCA	19
Dunlop	6½	Racal Elect.	34	Premier	7
Eagle Star	25	R.H.M.	7	Shell	28
F.N.F.C.	4	Rank Org. Ord.	14	Tricentrol	25
Gen. Accident	30	Reed Intnl.	23	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	32	Tesco	5	**Mines**	
Grand Met.	15	Thorn EMI	30		
G.U.S. 'A'	36	Trust Houses	11	Charter Cons.	21
Guardian	30	Tube Invest.	12	Cons. Gold	40
G.K.N.	12	Turner & Newall	7½	Lonrho	7
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday December 23 1981

Textile quotas 'threaten jobs'

BY BRIJ KINDARIA IN GENEVA AND ANTHONY MORETON IN LONDON

A FURTHER extension to the Multi-Fibre Arrangement, which regulates a big part of world trade in textiles and garments, *has been agreed in* Geneva. Many European countries warned that it could lead to massive job losses in the next year or two.

Yesterday's protocol to the MFA has still to be approved on the EEC's behalf by the Council of Ministers, on January 25. Herr Horst Krenzler, the commission's delegate, is to recommend approval.

The protocol is the framework within which importing countries—largely the U.S. and the EEC—agree bilateral quotas for each year with exporters. These are dominated by Hong Kong, Taiwan, Macao and South Korea, but include many other low-cost Third World suppliers.

Herr Krenzler warned that if the bilateral agreements were not satisfactorily concluded "we shall be unable to continue to participate in the MFA."

The MFA began life in 1974 and was renewed in 1977. Yesterday's agreement, which comes into effect on January 1, provides for its continuation for a further four years seven months. This is a compromise between the wishes of the industrialised nations which wanted a five-year MFA, and the Third World, which wanted a four-year one.

According to General Agreement on Tariffs and Trade officials in Geneva the new MFA will restrict Third World exports more tightly. It will also discriminate between the dominant suppliers, such as Hong Kong and South Korea, and the others, giving slightly more access in industrial markets to countries such as Indonesia, Sri Lanka and Pakistan.

The extent of the restrictions will clearly depend on the terms of the bilateral agreements. The low-cost suppliers intend to meet before Easter to adopt a common approach to the EEC on these.

The role of the bilateral agreements is crucial to the future of the MFA, as Mr John Biffen, Secretary for Trade, told the Commons.

In a cautious statement he said the protocol could provide *the framework to satisfactory* agreement on the bilaterals but he admitted there was now no hope of moving from the choice of 1982 as the base year in these talks.

*It is this point which par*ticularly worries the British industry. The worry is shared in France, Italy and Greece.

Mr Russell Smith, president of the British Textile Confederation, called the protocol "inadequate because it does not properly reflect policies agreed by the EEC in recent weeks."

He thought the text was vague and the choice of 1982 would cause "bitter disappointment and alarm" in the industry.

Unofficially it is suggested that the European industry could lose another 130,000 to *140,000 jobs as a result of this* protocol—30,000 of these could be in Britain.

The European industry has lost more than 1m workers over the past decade. The MFA was set up in an attempt to provide some orderly regulation of this run-down in the face of cheap Far Eastern supplies.

Trafalgar details Fleet hive-off

BY DUNCAN CAMPBELL-SMITH

BOARD CHANGES at Express Newsapers accompanied a detailed statement yesterday from the company's parent, Trafalgar House, about its proposal to hive off its publishing interests.

These interests, which comprise Express Newspapers and Morgan-Grampian periodicals publishing group, are to be hived off into a separate publicly-quoted company called Fleet Holdings — provided Trafalgar wins clearance for the plan from the Inland Rvenue.

It is proposed that shares in Fleet Holdings be distributed to Trafalgar's existing shareholders as a special dividend.

New convertible loan stock in Fleet worth £15m will be retained by Trafalgar. Terms of this new stock could give Trafalgar 35 per cent of Fleet in the event of a hostile bid for the new company.

Mr Michael Murphy succeeds Mr Jocelyn Stevens as managing director of the Express group, which publishes the Daily Expres, the Daily Star and the Sunday Express and has a 50 per cent stake in The Standard.

Mr Murphy was formerly deputy to Mr Stevens, who was dismissed on November 23. Mr Murphy had been working out his notice since then and intended to leave the group to join Mr Rupert Murdoch's News International.

Mr Murphy will join Lord Matthews, chairman of Express Newspapers, and two directors of Morgan-Grampian on the board of Fleet Holdings. Other appointments to Fleet will include appointments to the board from outside.

Mr Nigel Broackes, chairman of Trafalgar, said the future company "should be able to appoint a strong board of directors more attracted to managing a business directly answerable to outside shareholders than to managing a subsidiary company."

In a letter to Trafalgar's *shareholders*, he refers to the Express group's "stronger financial position" and his Board's conclusion that the publishing interests "would be able to operate more vigorously and effectively as a separate independent entity."

Thorn joins £10m video venture for Europe

By Guy de Jonquieres

THORN EMI of Britain, AEG-Telefunken of West Germany and Victor Company of Japan (JVC) have concluded an agreement to set up a joint venture to manufacture video equipment in Europe.

They will take equal shares in a holding company to be registered in the Netherlands. They have agreed to invest about £10m in the first phase of the project, up to the end of 1983.

The project is expceted to bear its first fruit next summer when AEG-Telefunken is due to start producing videorecorders under licence from JVC at a plant in West Berlin. It will be the first facility to make Japanese video-recorders in Europe.

A production volume of more than 300,000 machines a year is planned by the end of 1983. The machines will be distributed in Western Europe by AEG Telefunken, Thorn EMI and JVC, although they also expect to continue importing several hundred thousand machines annually from Japan.

Thomson-Brandt, the leading French manufacturer of consumer electrical products, had been originally involved in the plan. But its participation was vetoed several weeks ago by the French Government, which was unhappy about its proposed collaboration with a Japanese company.

The other companies said yesterday that they would leave Thomson-Brandt the option to join the venture later. Meanwhile, they have deferred plans for the start of European production of JVC video-cameras and hi-fi equipment, which would have been handled by the French company.

Thorn EMI is due to make video-disc players using JVC technology in Britain.

Thorn EMI has concluded separate agreements already with JVC, its Japanese parent company Matsushita Electrical and General Electric of the U.S. on a project to collaborate in the production and marketing of video-disc players and programme material.

The market for video-disc systems is largely untested. Philips and RCA, the American group, have started selling rival systems in the U.S. But neither they nor JVC wil lstart marketing in Europe until next year.

Thomson-Brandt has developed its own prototype video-disc system but continues to rely on JVC to supply it with video-recorders. The French Government would like Thomson-Brandt to ally itself with other European companies to make video-recorders.

Ban urged on strikes by key defence workers

By Philip Bassett, Labour Staff

CIVIL SERVANTS working in defence should have a no-strike clause written into their conditions of service, the Ministry of Defence is urging.

*In its evidence to the Govern*ment's inquiry examining pay determination for all 530,000 white-collar civil servants, the Ministry says it would "greatly welcome arrangements that ensured that key defence areas were effectively protected from industrial action."

The inquiry, chaired by Sir John Megaw and due to report by mid-summer, is likely to place considerable weight on the MoD's evidence. The ministry is the largest department in the Civil Service, employing about one-third of the total workforce.

The MoD suggests that the no-strike agreements should apply either to all staff working in the ministry, or to those in selected sensitive categories or establishments, such as Government com*munications or at nuclear sub*marine bases.

A no-strike provision could be implemented by agreement with the unions. Compensation could be by way of some form of *indexation of pay or by the pay*ment of annual bonuses if there has been no industrial disruption.

However, the Civil Service unions, apart from the small *breakaway non-TUC MoD Staff* Association, are resolutely opposed to no-strike agreements. MoD officials acknowledge privately that legislation therefore will be needed.

The ministry's *proposals* stem directly from its experiences during the 21-week-long pay dispute with civil servants this summer.

Naval supply and other MoD functions were *seriously* disrupted. Servicemen had to be sent into the Clyde to free a blacked Polaris nuclear submarine.

The ministry also suggests the further replacement of civilians in key areas by servicemen. It is negotiating with unions on the replacement of staff at the Polaris bases on the Clyde and at Rosyth, on the Firth of Forth, following this year's dispute.

Details, Page 6

OECD forecasts slow recovery in UK over next 18 months

BY ANATOLE KALETSKY

THE UK economy should enjoy a slow but gently accelerating recovery from recession over the next 18 months, according to forecasts published today by the Organisation for Economic Cooperation and Development (OECD) in its biannual Economic *Outlook*.

However, the OECD's forecasts, which are in many respects similar to those used by the Treasury, hold out no hope for a decline in unemployment by mid-1983 when it expects the rate to be 12½ per cent. It also predicts a current account deficit on the balance of payments by early 1983. The *OECD does support the Govern*ment's view that inflation will fall below 10 per cent towards the end of next year, on the assumption of stable exchange rates.

The OECD estimates that gross domestic product will have fallen by 2 per cent in 1981 and will then expand by only ½ per cent in 1982. But the rate of growth will accelerate from ½ per cent at an annual rate in the first half of 1982 to 1½ per cent in the second half and 2 per cent in the first half of 1983.

Manufacturing production is expected to grow more rapidly, at a rate rising to 2½ per cent by the first half of 1983. Nevertheless, manufacturing production in mid-1983 "may be 13 per cent below the cyclical peak *of 1979 and almost 20 per cent* below the record peak of 1973."

The growth rates forecast for the UK for the second half of 1982 and the first half of 1983 are the lowest of any major OECD country.

Although the OECD's report does not contain explicit criticisms of government policies, it states that fiscal policy has been restrictive over the past year. It predicts a further tightening in 1982-83, on the basis of public expenditure policies announced for the coming financial year and assuming that taxes and allowances are adjusted in line with inflation at the next Budget.

Whitehall comments that it is premature to say that the fiscal stance next year will be restric*tive since the Chancellor has* given no indication of his plans for tax changes in the Budget.

Budget likely to be on March 9

BY PETER RIDDELL, POLITICAL EDITOR

BUDGET DAY will almost certainly be in the first half of March to give Sir Geoffrey Howe, the Chancellor, an early opportunity to present his overall fiscal and monetary approach. The most likely date is Tuesday, March 9.

Tory MPs who have seen Sir Geoffrey in the past week feel he is attracted to an early Budget to give the tax side of his policy which will support the spending decisions already announced.

The advantage would be that any increase in indirect taxes is immediate and produces revenue while income tax changes will not come in until the fiscal year starts in April.

A final decision on timing will not be taken until the New Year.

There is unlikely to be much more information then —especially as some public sector pay talks will probably not be concluded for some time. The outlook on another key influence, interest rates, has deterioatred since recent forecasts.

Ministers expect the Cabinet to discuss the economic outlook and the Budget prospects in general before detailed decisions are reached by Sir Geoffrey. He is likely to be pressed to produce measures directly to aid industry and if possible to cut taxation.

Sir Geoffrey has faced increasing criticism for presenting only partial information on his economic strategy. The all-party Treasury committee argued that there are major gaps in the Government's medium-term financial strategy, especially on the monetary side, and that it needs to be re-stated.

BL cash injection Continued from Page 1

closure costs in the new plan, mainly to be paid out in 1982.

Capital expenditure for 1981 will probably not reach the planned £337m. This is because, in order to conserve cash, BL has deferred capital expenditure and made savings wherever possible. Lower prices have been negotiated with suppliers, while falling sales have meant less has had to be bought from outside.

"*The reduction in capital* expenditure has not jeopardised the programmes which are essential to BL's recovery," the plan says.

Capital expenditure for 1982 *to 1986 is forecast to be* £1.439bn compared with the £1.65bn predicted for the 2981 to 1985 period in the 1981 plan.

Of the latest total, £840m will be for the cars division, £300m for Leyland Group, the truck and bus business — including £108m for Ashok Leyland in India which will be financed locally — and £174m for Land Rover Group, which takes in the Sherpa.

In 1982 capital expenditure is forecast to be £316m.

The plan claims productivity, adjusted for short-time working, improved by 33 per cent in the cars division during 1981 compared with last year, but was down 22 per cent in the truck and bus operations, reflecting the impact of severely reduced demand.

Vehicle production in 1981 is forecast to fall from 548,000 to 533,000. Output of cars is predicted to rise from 425,000 to 439,000 and only a slight decline, from 43,000 to 42,000, is expected in the truck and bus operations.

U.S. may suspend talks Continued from Page 1

in the concentration camps set up by the Polish martial law authorities emerged yesterday.

Two British businessmen reported seeing tanks firing in Gdansk and other eye-witness *reports told of the streets of the* city being littered with hundreds of spent tear-gas cartridges last Wednesday.

Warsaw Radio reported yesterday however that Gdansk was calm and that the night curfew had been reduced by two hours. The radio added that there were no strikes in the Gdansk area yesterday and all industrial plants were beginning to work normally. Diplomatic reports reaching the West yesterday said strikers were still occupying the Paris Commune shipyard in neighbouring Gdynia.

Elsewhere Warsaw Radio confirmed that workers were still barricaded in the Huta Katowice *steel works and issued an appeal* to miners holding sit-in strikes in coal mines in the Katowice area to come up and join their families for Christmas.

Western diplomats believe that the industrial city of Radom south of Warsaw, has been sealed off and that the city is the scene of continuing strikes and demonstrations. Radom was one of the main centres of protest during the 1976 food riots. The authorities responsible for the violent repression of those riots retained their positions, despite the 16 month effort of Solidarity negotiators to secure their dismissal.

Radom, the Silesian industrial and mining basin, Gdansk and Wroclaw are listed as the main areas of resistance in latest diplomatic reports.

In a wide-ranging speech delivered at a *Christmas* reception in the Vatican, Pope John Paul 2 spoke of "deathly shadows" threatening peace in Poland, the Middle East and Central America.

In a clear mesage of support for Mr Lech Walesa, the interned Solidarity leader, the Pope recalled "with emotion" his audience with Mr Walesa last January and prayed that "Poland, my people, already so tested by wars throughout its tormented history, may be saved from further suffering."

Mrs Thatcher added to the increasingly bitter denunciation of the Polish military regime being voiced by western leaders.

"If the authorities think they can snuff out the flame of freedom which had started in Poland, they are making an error of historic proportions," she told the Commons.

THE LEX COLUMN

Grand Met pauses for breath

Grand Metropolitan's figures look good—and for the right reasons. Pre-tax profits for the year to September are 22.7 per cent up at £186.6m, wel ahead of most forecasts, and the *shares moved up 13p yesterday* to 188p. The two strongest areas of growth have been the spirits and wines division and Liggett in the U.S. It looks as of the company is illustrating its claim that these two businesses would reinforce each other.

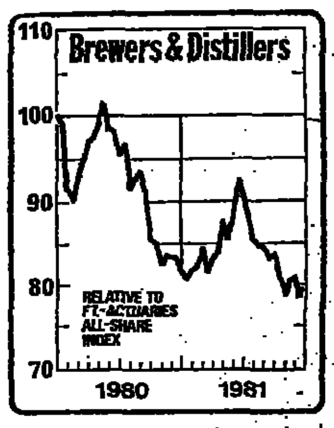
In the second half, the trading profits of the spirits and wines division more than doubled after a shaky start to the year. The strength of the dollar has been a partial cause, but J and B has been selling well and new brands like Baileys and Croft are establishing themselves internationally. Liggett has also shown a much better dollar performance, and the real surprise has been a big improvement in returns from its non-liquor distributing businesses, in particular pet foods.

The UK-based businesses have not escaped the recession. Volume in brewing is down, and in common with the rest of the industry, profits have only been maintained with the help of sharp price rises. However, a £4m turnround into profit in the soft drinks business has flattered the outcome for this division. In leisure, betting, dancing and bingo have all felt the squeeze on consumer incomes, but this has been more or less offset by better results from the London casinos. The turmoil in this industry has left Grand Met with possibly half the total drop at the top end of the market.

Grand Met is likely to reshape its hotel business following the acquisition of Intercontinental, shifting the emphasis from tourists to the business traveller. Already it has sold six downmarket hotels and more may follow. The move is likely to be reinforced by the 35 per cent decline in trading profits of the traditional hotel division in the second six months. So the company now seems to regard the drink and business hotels divisions as core holdings, along with the Express food and milk division. This has shown further comfortable expansion in the latest year with a 12 per cent gain in trading profits—and the company aims to build up its presence in the U.S.

At about £950m, net debt represents some three-quarters *of shareholders'* funds, and the interest charge to finance the Intercontinental deal means that growth in pre-tax profits will slow in the current year. But Grand Met is hardly short of options. Quite apart from disposals it could conceivably trade its way back to a more *comfortable gearing.* On the other hand, given past form, a glimpse of the shapely ankle of a potential acquisition could trigger the widely expected rights issue at any time. The *shares yield 5.8 per cent.*

Index fell 1.9 to 518.8



Trafalgar House

Trafalgar House is to inject £30m into its newspaper and magazine interests before hiving them off to its shareholders as Fleet Holdings. So the new group will start life with a strong balance sheet—£35m of net worth, a convertible unsecured loan stock of £15m held by Trafalgar, and £18m of cash in the bank. For the next six years at least the convertible will provide some safeguard against an unwanted takeover—Trafalgar can take 35 per cent of Fleet's equity on conversion.

Trafalgar is also shedding the contingent liability of the cost of closing down one or more newspapers, which does not come cheap these days. On the new capital structure, Fleet would have made something like £8m last year out of Trafalgar's pre-tax total of £55m. At present it seems unlikely that the Trafalgar share price will fall pro rata when the split takes place—the earnings that are being given up *are not of the highest quality.*

Burton Group

"The group places great emphasis on rewarding its staff," says Mr Ralph Halpern, chairman and chief executive of the Burton Group, in his report to employees. In the shareholders' employees. Certainly Mr Halpern believes in personal motivation, for his pay has topped £100,000, he has acquired options on another 286,000 shares during the past *year (making 400,000 in all)* and he is only having to pay half the cost of his new £275,000 house, the remainder being financed for the time being by Burton in exchange *for the availability of "guest and conference facilities."*

Shareholders will no doubt hope that this incentivisation will result in a more buoyant future performance than has been achieved in the past two years, during which shareholders' funds (including property valuation surpluses) have slipped from £207m to £199m. And at the annual meeting next month, shareholders would do well to ask why the new options have been made exercisable at 92p, rathe rthan at the 110p-118p fixed for options granted the previous year, *let alone* at a premium to the current market price of 132p.

S & N Breweries

Scottish and Newcastle Breweries' half-year figures are very much at the top end of City expectations, with pre-tax profits slipping only marginally from £19.3m to £19.1m. This looks a resilient performance, given the 7 per cent industry-wide fall in beer volume, and the dividend is maintained with every show of confidence.

What seems to be happening is that S and N's fixed cost reductions are coming through to profits, while in canned beers —a market which has been contracting less rapidly than the beer market *as a whole*—the company has been getting margins up again, giving up some of the volume it bought in 1980-81.

Against this, conditions in North-East England have been particularly difficult, and Scottish has lost a good bit of market share. Still, for the year as a whole profits should emerge near last year's £33.1m, which leaves the shares, up 3½p to 51p yesterday, on some 8¼ times fully-taxed earnings.

The increased operational efficiences that the group is now showing do not seem enough to *convince a sceptical investing* community that S and N can overcome the structural handicaps of its dependence on the free trade and its geographical mix of business. Debt is roughly a third of capital employed: the 12.6 per cent yield is still likely to appeal more to income than recovery funds.

Weather

UK TODAY:

Cold everywhere, snow in many *places, some freezing fog.*

London, S.E., Midlands, S. Wales

Snow spreading from S.W. Max 3C (37F).

S.W. and Channel Isles

Snow with rain later. Max. 3C (37F) but 6C on some coasts.

E. and N. England, N. Wales, IoM, E. Scotland, Orkney, Shetland

Bright periods, drifting snow, *some freezing fog. Max. 1C* (34F).

Rest of Scotland, N. Ireland

Mostly dry, bright intervals and light snow. Max. 2C (36F).

Outlook: Brighter and drier, very cold, wintry showers especially in East.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	11	52	L. Ang.†	F	13	55
Algiers	R	15	59	Luxmbg.	C	2	36
Amsdm.	Sn	−5	23	Luxor	F	25	77
Athens	R	12	54	Madrid	F	13	55
Bahrain	S	23	73	Majorca	C	13	55
Barclna.	F	13	55	Malaga	F	21	70
Beirut	S	18	64	Malta	R	16	61
Belfast	C	2	36	M'chstr.	F	1	34
Belgrd.	F	3	37	Melbne.		—	—
Berlin	F	−3	27	Mx. C.†		—	—
Biarritz	C	10	50	Miami†	F	21	70
Bmghm.	C	−1	30	Milan	R	1	34
Blackpl.	F	0	32	Montrl.†	Sn	−3	27
Bordx.	F	7	45	Moscow	Sn	−3	27
Boulgn.	C	2	36	Munich	F	−7	19
Bristol	C	1	34	Nairobi	C	23	73
Brussels	C	2	36	Naples	R	11	52
Budpst.	C	−3	27	Nassau		—	—
Cairo	F	22	72	Nwcstl.	C	2	36
Cardiff	C	0	32	N York†	Sn	2	36
Cas'b'ca	C	19	66	Nice	C	7	45
Cape T.		—	—	Nicosia	F	18	64
Chicg.†	R	0	32	Oporto	C	14	57
Cologne	C	3	37	Oslo	Sn	−5	23
Cpnhgn.	Sn	−4	25	Paris	C	5	41
Corfu	C	12	54	Perth	S	27	81
Denver†	Sn	−3	27	Prague	S	−5	23
Dublin	R	3	37	Reykjvk.	S	−9	16
Dbrvnk.	R	8	46	Rhodes	C	15	59
Ednbgh.	C	1	34	Rio J'o†		—	—
Faro	C	17	63	Rome	R	9	48
Florence	C	8	46	Salzbrg.	F	−3	27
Frankft.	F	0	32	S F'cisc†	F	8	46
Funchal	F	19	66	S. Moritz		—	—
Geneva	C	1	34	Singapr.		—	—
Gibraltar	C	18	64	S'tiago†		—	—
Glasgow	F	1	34	Stckhm.	F	−3	30
G'rnsey	C	4	39	Strasbg.	C	1	34
Helsinki	Sn	−8	18	Sydney	F	25	77
H. Kong	S	18	64	Tangier	F	19	66
Innsbrk.	C	−3	27	Tel Aviv	F	20	68
Invrnss	C	2	36	Tenerife	S	22	72
I.o Man	C	2	36	Tokyo	S	12	54
Istanbul	C	9	48	T'ronto†	C	0	32
Jersey	C	5	41	Tunis	F	15	59
Jo'burg	F	21	70	Valencia	F	20	68
L. Plms.	C	21	70	Venice	C	5	41
Lisbon	F	17	63	Vienna	F	−4	25
Locarno	Sn	0	32	Warsaw	S	−9	16
London	Sn	−1	30	Zurich	C	−2	28

C—Cloudy, F—Fair, R—Rain, S—Sunny, Sn—Snow.

† Noon GMT temperatures.

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